

April 1956



## SHREVEPORT, LOUISIANA

SHREVEPORT, LOUISIANA, is the fastest growing city in the Southwest with an indicated annual growth in population of at least three per cent, and a growth in buying power of between five and six per cent. It is the natural gas capital of the world. Since 1947, \$9,600,000 has been spent on streets, water lines, sanitary sewer system, drainage, parks and the building of a new airport. Shown above is Shreveport's tallest structure, the Henry C. Beck

building developed by N. O. Thomas, Jr., one of the city's progressive leaders. The building stands 20 stories and is of colored aluminum. Shreveport is the home of the Credit Managers Club, a local Unit of the National Retail Credit Association. W. G. Readhimer is Secretary of the Club and in addition is Secretary-Manager of the Credit Bureau of Greater Shreveport, with offices at 721 Common Street.

# The Credit World

Only Publication Serving the Entire Field of Retail Credit



## convert Receivables into Cash

Uncollectible accounts receivable cost you money! According to the Department of Commerce, the longer an account has been on your books, the less likely are your chances of receiving payment.

At no cost to you, you can solve your collection problems . . . clear those receivables from your books . . . and regain a former customer or patient. This is made possible when you use the services of your local Collection Service Division office.

When you turn your accounts over to your local CSD office, you are surer of collecting your receivables. Why not let them reactivate your old accounts?

*Collectrite service through affiliated Collection Service Division Members of*

**ASSOCIATED CREDIT BUREAUS OF AMERICA INC.**

**7000 Chippewa Street**

**St. Louis 19, Missouri**

### YOUR CREDIT RECORD

is the measuring stick by which all credit granters judge you.

Do you realize that your failure to pay this account may affect your credit standing?

**PROTECT YOUR CREDIT BY PAYING PROMPTLY**

### Just to Remind You--

this account has probably been overlooked and we'll appreciate your remittance.

Thank You!

### Now--Please!

We have now sent it to the credit bureau. It will be on file there--while you have a chance to make it right.

Prompt Payments Build Good Credit--Worth More Than Gold!

### Please!

Now that we've reminded you, won't you send us a check--please?

Thank You!

### Keep Your Credit As "Good As Gold"

Prompt payment of accounts, according to terms, will build a splendid credit record.

"Worth More Than Gold"

### Prompt Payment of your account

is solicited in the same courteous manner as your patronage. Both are appreciated.

### Good Credit

The majority of people use credit in the customary way, but only those who meet their obligations as agreed, continue to enjoy its advantages.

The credit you command relies largely on one thing--not the position you hold, but the property you own; not your bank account--but the way you pay your bills.

Pay all charge accounts promptly each month and build-up good accounts when due.

### "Good Credit"

is worth more than all the gold money in the world.

Prompt Payments Build Good Credit--Worth More Than Gold!

### MAIL it to day

to the Merchant and Pay Day!

Pay bills promptly and build-up good credit.

### Keep Your Credit Record Good

Whatever your needs may be, a convenient means of making your purchases by using a charge account.

A good credit rating, obtained by meeting obligations promptly, entitles you to its privileges.

Pay each account to full on receipt of bill and contract purchases as agreed.

### Protect Your Credit

Your failure to remit account now due and to make future payments according to the terms of your contract will mar your credit record.

Make it a habit to pay promptly!

### YOUR CREDIT RECORD IS AN OPEN BOOK

By the way we pay, you write your own record in the files of the Credit Bureau.

Millions of checks with the Cashier Bureau of the United States and Canada, form the basis of credit reputation by retailers and employers to judge the trustworthiness of individuals.

Prompt Payments Make a Good Credit Record

### You Forget--Didn't You?

Why not mail us a check now while you have a chance to make it right?

Thank!

### Of Course--We Missed You!

And your account is waiting for you.

Come in and see us!

We Value Your Patronage!

### You Don't Owe Us a Cent!

Yes! We've noticed it and we hope you will use your charge account this month.

Your Patronage Is Appreciated!

### Promptness

You are urged to make prompt and regular payments, in accordance with your agreement.

Paying promptly builds a good credit record.

### Just Your Credit As a Social Tool!

Credit is built on confidence in your agreement to pay according to your contract.

Pay Promptly With Your Charge Account!

### Terms on Monthly Charge Accounts

ACCOUNTS are due and payable upon receipt of bill. They are past due if not paid within 30 days after bill is rendered.

Buy Wisely Pay Promptly

### Pay Professional Bills Promptly

THE MANNER in which you pay your professional bills has an important bearing on your credit standing with retailers of the community.

PAY YOUR PHYSICIAN, dentist and hospital bills promptly and maintain a good credit record.

### Lost You Forget!

Why not mail us a check now while you have a chance to make it right?

Thank!

### The 10th of the Month

is the Merchant's and Professional Man's Pay Day!

Paying bills promptly maintains a good credit record.

### MAIL it to day

Don't let this bill pile up. Don't let it mar your credit record. Pay it now and avoid any delay!

Pay Promptly With Your Charge Account!

### PAY YOUR ACCOUNT PROMPTLY!

Every charge account that is paid in full each month and each installment contract paid as agreed helps to build and maintain a "Prompt Pay" credit record.

### Just a Blank Statement

To remind you that we miss your patronage and to re-iterate this invitation: Use Your Charge Account!

### Your Charge Account is Balanced

Yes! We've noticed it, and hope you will use it this month.

We Value Your Patronage!

### Credit Is Confidence

is the integrity of an individual to carry through his agreements.

Your willingness to pay promptly is the basis on which the retailer extends credit to you.

Charge accounts are due and payable on receipt of statement; installment accounts are due on the dates specified.

Pay Your Obligations Promptly

### MAIL it to day

Now--the next time you want to make a purchase, you'll be a credit man!

Merry Thanks!

### KEEP YOUR PROMISE

Each month, stores review their accounts to ascertain which customers keep promises and which do not--and the matter of keeping promises has a most important bearing on your future credit standing.

Prompt payment of accounts builds a credit record of promptness wherever and whenever credit is needed.

### Your Account Is "Balanced"

This is just a reminder that we missed you last month.

Use Your Charge Account!

### HAS IT OCCURRED TO YOU

that your unpaid account, if entered against your record in the files of the credit bureau, may jeopardize your credit standing?

The National Retail Credit Association, of which we are a member, is an international organization and in the files of the affiliated credit bureaus are maintained accurate, up-to-date records on millions of credit customers.

PLEASE protect your credit standing by making payment NOW

### The Credit Bureau

There is a Credit Bureau in this community that keeps a record of the way you pay your bills. The files are open to every credit grantor.

As a cooperating member we furnish the Bureau a list of store and satisfactory accounts. If your past due account is reported to them, it may affect your credit record. Protect your credit by paying all bills promptly.

### A SHOPPING CONVENIENCE

• Credit is extended as a shopping convenience. But it is more than a convenience. It has a definite value to the user. For most people depend on a monthly salary or income. By using their credit, they are able to meet current expenditures out of current income.

• Every charge account that is paid in full each month, and each contract that is paid as agreed helps to build and maintain a "Prompt Pay" record.

### This is a Blank Statement

To remind you that we miss your patronage and to re-iterate this invitation: Use Your Charge Account!

### How to Build a Good Credit Record

- 1-Pay charge accounts in full within 10 days after receipt of bill.
- 2-Make contract payments on or before due date.
- 3-Guard your credit as a sacred trust.

### Thank You!

The promptness with which you have paid your account is appreciated. We hope you will use it regularly.

### A Friendly Reminder!

As this account is overdue, a friendly reminder, with no further explanation, will be sent. Prompt Payments Build Good Credit--Worth More Than Gold!

### Don't Break Your Promise

Your recent remittance was appreciated. However, it was not in accordance with understanding.

Please bring the account into current condition and maintain a record for promptness.

### Just to Remind You...

This account is past due. We'll appreciate your remittance.

Thank You!

### Maintain a Good Credit Record

For more than a quarter century retailers and professional men of North America have contributed their actual ledger experience to form a tremendous catalog of credit information. This information is a basis for the credit record of the consumer.

Payment of regular accounts on receipt of bill and installment accounts as agreed will build and maintain a good credit record.

### Past Due!

PROMPT payment of this account is necessary to protect your credit record.

Guard Your Credit As a Sacred Trust.

### We have YOUR NAME in this "Who's Who"

As a member of the Credit Bureau we are called upon to report, at frequent intervals, the credit standing of our customers. This report is available to every merchant or professional man who is a member of the Credit Bureau.

Your account with us at the present time is PAST DUE. To maintain a good credit record, you should make a payment NOW or arrange for an early settlement.

Name \_\_\_\_\_

Owed to \_\_\_\_\_

Balance \$ \_\_\_\_\_ Past Due \$ \_\_\_\_\_

Date \_\_\_\_\_

Guard Your Credit as a Sacred Trust

### YES! TELLS

THE PHYSICIAN. THE HOSPITAL. THE DENTIST.

When you pay your bills promptly, you tell them you are a credit man. When you pay them late, you tell them you are not. It's all in the way you pay them.

As a responsible man, you pay them as agreed. As a responsible man, you pay them as agreed. As a responsible man, you pay them as agreed.

THE NATIONAL RETAIL CREDIT ASSOCIATION

Executive Offices - ST. LOUIS

### Pay your bills in full TODAY

So that your Credit will be good TOMORROW

THE NATIONAL RETAIL CREDIT ASSOCIATION

MEMBER

National Retail Credit Association

### THE CHALLENGE OF SOUND CREDIT

• Has it occurred to you that your unpaid account, if entered against your record in the files of the credit bureau, may jeopardize your credit standing?

• The National Retail Credit Association, of which we are a member, is a mutual nonprofit organization with more than 32,000 members in the United States, Canada, Alaska, and Hawaii. It is the files of its affiliated credit bureaus are maintained accurate, up-to-date records on millions of credit customers. These form the basis of credit reports used by many retailers and others to judge the character and trustworthiness of applicants for credit.

• The purpose of this reminder is to help you protect your credit standing in the community by making payment NOW.

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_

Stickers and inserts, \$3.00 a 1,000, assorted \$3.50 a 1,000 in lots of 100. Order from N.R.C.A., 375 Jackson Ave., St. Louis 5, Mo.

ASSOCIATED RETAIL CREDIT MEN  
ST. LOUIS, MISSOURI



You are cordially invited  
to attend the

**42<sup>nd</sup> ANNUAL INTERNATIONAL  
CONSUMER CREDIT CONFERENCE**  
of the

NATIONAL RETAIL CREDIT ASSOCIATION  
ASSOCIATED CREDIT BUREAUS OF AMERICA  
CREDIT WOMEN'S BREAKFAST CLUBS OF NORTH AMERICA  
CREDIT GRANTERS' ASSOCIATION OF CANADA  
ASSOCIATED CREDIT BUREAUS OF CANADA

**JEFFERSON AND STATLER HOTELS**  
ST. LOUIS, MISSOURI

JUNE 17<sup>th</sup> TO 21<sup>st</sup>  
1 • 9 • 5 • 6



## Officers, 1955-1956

### President

KAA F. BLUE . . . New Orleans, Louisiana

### First Vice President

WIMBERLEY C. GOODMAN . . . Dallas, Texas

### Second Vice President

ELDON L. TAYLOR . . . Ogden, Utah

### Third Vice President

J. C. GILLILAND . . . Chicago, Illinois

### General Manager-Treasurer

L. S. CROWDER . . . St. Louis, Missouri

### Assistant General Manager-

### Assistant Treasurer, Secretary

ARTHUR H. HERT . . . St. Louis, Missouri

### Educational Director-

### Assistant Secretary

LEONARD BERRY . . . St. Louis, Missouri

## Directors, 1955-1956

H. C. ALEXANDER	Charlotte, N. C.
DEAN ASHBY	Fort Worth, Texas
E. K. BARNES	Spokane, Wash.
FRANK BATTY	Orinda, Calif.
FRANKLIN BLACKSTONE	Pittsburgh, Pa.
CHALMER BLAIR	Portland, Ore.
DAVID K. BLAIR	San Francisco, Calif.
R. L. BRUCHEY	Baltimore, Md.
L. A. BRUMBAUGH	Phoenix, Ariz.
HARRY L. BUNKER	Oakland, Calif.
H. J. BURRIS	Bentonville, Ark.
FRED G. CIMMERMAN	Houston, Texas
B. C. DELOACH	Birmingham, Ala.
G. C. DRIVER	Westlake, Ohio
HAROLD P. EVANS	Vancouver, B. C.
BERNARD EYBBS	Boston, Mass.
O. WILLARD FRIEBERG	San Francisco, Calif.
EDWARD M. GALLAGHER	Trenton, N. J.
MARJORIE GIBSON	Des Moines, Iowa
MRS. JO HUBBARD	Chattanooga, Tenn.
H. L. HULME	Toronto, Ontario, Canada
ELTON L. JORDAN	Fort Smith, Ark.
ERWIN KANT	Milwaukee, Wis.
L. M. KARPELES	Birmingham, Ala.
A. J. KING	Wilmington, Del.
J. A. KOVERMAN	Los Angeles, Calif.
LEOPOLD L. MEYER	Houston, Texas
EARL E. PADDON	St. Louis, Mo.
MRS. UNA PEARSON	Fort Smith, Ark.
L. T. PEASE	East Orange, N. J.
ARTHUR R. PETERMAN	Cleveland, Ohio
HUGH L. REAGAN	Nashville, Tenn.
CHARLES D. RENO	St. Louis, Mo.
GROVER C. RITCHIE	Charlotte, N. C.
JOSEPH H. RIGGS	Jacksonville, Fla.
J. GORDON ROSS	Rochester, N. Y.
ROBERT A. ROSS	Dallas, Texas
RICHARD T. SCHATZ	Spokane, Wash.
ROYCE SEHNERT	Wichita, Kan.
WILLIAM F. STREETER	Minneapolis, Minn.
WILLIAM J. TATE	Ottawa, Ontario, Canada
JOHN A. WARD	Albuquerque, N. M.
RALPH W. WATSON	Spokane, Wash.
JOSEPH A. WHITE	Pittsburgh, Pa.
CLARENCE E. WOLFINGER	Philadelphia, Pa.



# The CREDIT WORLD

**L. S. CROWDER**  
EDITOR

**ARTHUR H. HERT**  
ASSOCIATE EDITOR

REGISTERED IN THE UNITED STATES PATENT OFFICE

### OFFICIAL PUBLICATION OF THE NATIONAL RETAIL CREDIT ASSOCIATION

Editorial and Executive Offices . . . 375 Jackson Ave., St. Louis 5, Mo.

Advertising Representative:

Ralph F. Duysters, 70 East 45th Street, New York 17, New York  
Washington Counsel, John F. Clagett, 1424 K St., N.W., Washington 5, D. C.

Volume 44

April, 1956

Number 7

## In This Issue

### Shreveport Number

### Nine Feature Articles

	PAGE
The Mastery of Credit . . . . .	4
<i>Bert N. Darnell</i>	
Looking Inside a Credit Department . . . . .	6
<i>Virginia Blessman</i>	
Hospital Credit Procedure . . . . .	7
<i>R. E. Blue</i>	
More and Better Factbilt Reports . . . . .	8
<i>W. G. Readhimer</i>	
The Automotive Credit Manager . . . . .	9
<i>Hugh A. Galloway</i>	
The Development of the Bank Credit Department . . . . .	10
<i>W. Warren Fuller</i>	
Louisiana Credit Trends . . . . .	12
<i>Mrs. Marguerite Garrison</i>	
Building Sound Credit Policies For Small Stores . . . . .	14
<i>Dr. Clyde William Phelps</i>	
On the Foundation of the Past We Build the Future . . . . .	26
<i>A. H. C. Beairsto</i>	

### Five Other Highlights

Newspapers Are Necessary . . . . .	10
Shreveport Credit Managers Club . . . . .	11
St. Louis Conference Program Highlights . . . . .	16
Credit Flashes . . . . .	20
St. Louis Conference Notices . . . . .	31

### Seven Departments

Credit Department Letters . . . . .	22
The Credit Clinic . . . . .	24
Granting Credit in Canada . . . . .	26
Comparative Collection Percentages for February . . . . .	28
Items of Interest From the Nation's Capital . . . . .	29
Local Association Activities . . . . .	30
Editorial Comment by L. S. Crowder . . . . .	32

Entered as second-class matter at the Post Office at St. Louis, Mo., under the Act of March 3, 1879. Published Monthly. Subscription \$3.00 a year, to members of the National Retail Credit Association only. Articles published in The CREDIT WORLD reflect the opinions of the authors and not necessarily the viewpoint of the National Retail Credit Association. Reproduction privileges of original material are hereby granted, provided usual credit is given. Please advise us immediately of any change in your address to avoid interruption in receiving The CREDIT WORLD.

Printed in U.S.A., by The Bethany Press.

CIRCULATION OF THIS ISSUE 41,500

**CREDIT WORLD** 3  
APRIL 1956

# The Mastery of Credit

**Bert N. Darnell**

**President, Budget Adjustment Bureau  
Shreveport, Louisiana**

**T**HE OLD ADAGE "credit is a wonderful servant but a tough master" is probably the truest axiom ever written. In the credit counseling business we are concerned with that segment of the consumer public that has allowed credit to become its master. Our clients are not confined to any particular group but are representative of the consumer public as a whole. At one time or another we have had dentists, schoolteachers, credit managers, bank employees, and small loan company employees come to us for help. No one is immune to financial trouble.

When credit is allowed to reverse its role from servant to master of the household, other troubles set in. Domestic complications, employment problems, and creditor losses are a logical result of credit misuse. The causes of financial woes are as many and varied as the people that have them, but generally they are brought about by sickness, time lost from work, reduction in income, and the biggest nemesis of all, overbuying. Seldom, if ever, does a person make a purchase or enter into a contract with the intention of not paying, or defrauding the creditor. Yet every day credit purchases are made and contracts signed that the purchaser could not possibly complete. The causes of overbuying have been listed as impulse buying, overoptimism, and seduction by the siren song of salesmen. The truth of the matter is that many purchasers are unqualified to use consumer credit in its present form to start with. When the debtor realizes that he is getting overly indebted he starts the cycle of desperation borrowing, piling debt upon debt until the cycle is complete.

## ***Increase in Consumer Debt***

When we look at the tremendous increase in the size of the consumer debt we wonder that there is such a small percentage of the consumer public that is overburdened by debt. The increase from approximately five billion dollars in 1945 to approximately 37 billion dollars today could not have been made without the unqualified users of this credit falling heir to overindebtedness. History tells us that debtor prisons were full when they existed, so even such a stringent measure as this did not stop overbuying. Under present credit conditions we invite debt problems and must do so in order to compete. We have merchants and lending agencies tell us daily, when we call them to adjust payments, that they were hesitant to grant this particular credit but felt that if they did not the customer would go elsewhere and get it. Merchants and other issuers of credit must compete to survive and they find themselves in the position of extending credit that is not completely to their liking. The problem is a big one and a growing one. We do not contend that credit counseling, in its present form, is the complete answer, but it is certainly a step in the right direction and may lead to the answer. For the first time in history, an overburdened debtor

has the privilege of seeking a qualified credit counselor and manager, instead of the bleak walls of a debtors' prison, or sordid bankruptcy proceedings. As a member of the American Association of Credit Counselors, we are proud to pioneer in a field which treats a debtor as a human being and not a criminal.

When the debtor comes to us he has been harassed by his creditors, bothered by his conscience, and is financially ill. First we analyze his financial condition completely, which requires complete honesty and frankness on the part of the debtor. This is usually forthcoming after we have sold him on the idea that we want to help. We eliminate the applicants that can straighten out their own affairs with a little advice. We also eliminate at the outset the ones that qualify for a loan—from a bank or some other lending agency—of sufficient size to give them the necessary reduction in payments. If the analysis shows that a payment program is necessary we go further. A household budget is worked out, with both the husband and the wife present. The budget must be realistic to care for the family needs because this is a long-range program (average 15 months) and the program does not work when extreme sacrifices are required for long periods. Yet, it is always necessary to reduce certain expenses. The next step is arranging the repayment program with the creditors, which is a touchy job. Our reception in Shreveport has been wonderful and the cooperation splendid; we hope we can continue to merit this cooperation. When dealing with the creditors we never try to *force* a payment reduction, but do it by arbitration. We try to show the creditor that the payment is a fair one and that the program is the best answer. The program must have something to offer the creditors or they do not buy it.

## ***Sincerity of the Debtor***

For the program to work, the debtor must be sold completely or he will fall by the wayside in a short period of time. There is always some aspect of the program that strikes a responsive chord from the debtor: one place to pay, the size of the payments, getting out of debt, or restoring his job or credit. Whatever the chord is, we must harp on it to hold him to his contract and enhance the workability of the program. When we doubt the sincerity of the debtor or have reason to believe the program will be short-lived, we insist on a payroll deduction or some other form of payroll control. The employers have always been cooperative when approached by us and the employee together. The employers recognize the value to them of relieving the employee of the worries of debt.

The biggest problem we have is the education of the debtor. We show him the causes of his troubles, we explain to him the value of a prompt credit record and show him how his credit can be rehabilitated after the program is completed. We impress the wife with the

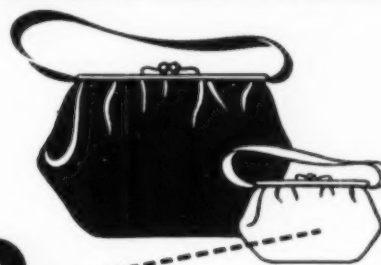
necessity of thinking before buying and not indulging impulses. We believe they are better users of credit when the program is completed.

The success of the program is jeopardized when additional debts are incurred. We do all we can to control this through our dealings with the debtor. We send forms to the Credit Bureau showing that we are handling the account and list the creditors and amount of indebtedness to each. After the debtor is relieved of the initial pressure there is a tendency to relax. This is dangerous, but it is typical of human nature. The debtor requires constant supervision. To make the program work to completion requires an experienced, sympathetic credit man. The debtor does not need browbeating—he has already been subdued when he comes to us. He needs understanding, supervision, and education.

As we have said before, credit counseling is not the complete answer but it has worked and is working with considerable success. There are several companies in other cities with 25 or more years' experience in the business and they enjoy good reputations in their areas and have contributed greatly to the credit community. Chapter XIII of the bankruptcy act has worked well in some localities but has never been used with any success locally. Our local Credit Bureau has done a good job with almost hopelessly involved creditors, but is limited by the nature and purpose of its operation. In the past when the debtor became overly involved he had no place to turn. If he tried to arrange terms with his creditors he still ended up overcommitted. No matter how sympathetic the creditor may be, his primary concern was the collection of his account—and it should be. There is no easy way out for the debtor but until a better program comes along, his best way out is in the hands of an experienced, sympathetic, conscientious credit executive.

There has been criticism of certain isolated credit counseling firms and we are sure that in those cases the criticism is justified. However, these cases constitute such a small percentage of the industry and have been so greatly magnified that the picture has become distorted. An unqualified credit counseling firm will be of short duration because of public disfavor. They do great harm to the industry during their tenure but the harm is not irreparable. A credit counseling firm's existence is dependent upon the cooperation of the creditors and without it the firm is a failure. We recognize the value of creditor cooperation and try to serve it well. The overly involved debtor represents a potential loss to the creditor and a definite collection expense. We relieve this. When strong collection methods become necessary the creditor loses a customer and future income. Our job is to rehabilitate the account and turn it into a profitable one.

We have heard the thought expressed that these people should be able to do these things for themselves, so why pay a credit counseling firm to do it for them? We do not handle accounts that can do it for themselves because they would realize this in a short period of time and the program would collapse, reflecting discredit on us. In all cases, if people could budget themselves properly, they would not be overburdened in the first place. This is the "do it yourself" age but no debt management kit is on the market yet.



## 3 times the activity

A recent department store survey shows that accounts opened through direct mail solicitation produced 3 times more activity than accounts opened through other means.

**LOW PRESSURE  
REPLY-O-LETTERS MEAN  
HIGH ACTIVITY ACCOUNTS.**

For samples of successful charge and  
budget account promotions  
write to

**THE REPLY-O PRODUCTS CO.**  
7 CENTRAL PARK WEST, NEW YORK 23, N. Y.

Human nature resents the process of going from creditor to creditor month after month and offering them a partial contract payment. The creditor is dissatisfied and engages the debtor in a lengthy conversation each time, so the debtor quits coming in with partial payments, and often quits coming in at all. Collection expense mounts, and so do the debtor's troubles. A capable third party is needed. People buy on time payments or deferred payments and borrow cash to be repaid in monthly instalments because of the immediate need and the discipline of a monthly payment. Just as a monthly contract payment obligates a person's income and gives it control, so does a debt repayment program. The difference is this: the debt repayment program has been established on a workable basis, and the combination of monthly payments had not.

We feel good about the progress we have made so far in this work but realize how far we have to go. Our local Better Business Bureau reports that they have received no complaints of any kind from either debtors or creditors. There have been no complaints filed with us as to our method of operation or manner in which we have handled any of the accounts; we hope there never will be.

This is the most satisfying phase of credit work that we have ever engaged in. Families come to us in despair, harassed, and with apprehension. When we take their account they leave with confidence in their future and pride in themselves. We are proud of them as they are on the road to becoming again the master of credit. ★★★



# Looking Inside a Credit Department

VIRGINIA BLESSMAN, *Credit Sales Manager*, and LLOYD D. BURNS, *Controller*  
Palais Royal, Inc., Shreveport, Louisiana

**N**OT HAVING seen any articles recently outlining routine procedure for everyday credit, we are writing this to give methods that have proved very successful with us. While we realize that quite a bit of this will be elementary, we also realize that there are newcomers to credit as well as others who might benefit from an interchange of ideas.

In this particular office we are cycle billing, using stock form trays, applications, and ledgers. There are between 10,500 and 11,000 accounts in our active trays. Our credit personnel consists of a credit sales manager; one person who authorizes, gives credit bureau clearances, alphabetizes saleschecks and payments, and stuffs the ledgers; and two bookkeeping machine operators who do the sales audit, post the accounts, post our lay-away accounts, and assist in the stuffing and authorizing. These four handle the entire ticket audit and credit function, from the interviewing through the collections, with the only assistance being fill-in interviewing during the credit manager's lunch hour and some assistance in the final phases of collection on the hard-to-collect accounts.

All credit bureau clearances are done while the bureau is on the phone. By arranging the accounts as compactly as possible and putting a 16-foot stretch cord on the phone all areas can be reached while talking to the bureau. This enables the person giving the report to read each clearance as the bureau operator asks for it, thereby eliminating any writing in our office and allowing the bureau operator to complete her report with one handling.

By placing the authorization phone in the center of the trays we are also able to speed up our customer service on approving credit. All authorization is done directly from the trays, giving the authorizer the complete account to aid her decisions.

Recently our store raised its floor limit to \$10.00 on charges to be released without clearance. We had previously used \$5.00 and \$6.00 limits, but during the summer of 1955 we altered our complete main floor without discontinuing operations. This cut us from three charge phones and four telephones down to one telephone. Of necessity we went to the \$10.00 limit and left it there for two months. The results were surprising. Our unauthorized purchases were very little heavier than with the lower limits and we were also able to obtain some good accounts from people charging under our floor limit who had the impression their account had already been established. On several occasions we have had to post at cash stands the names of persons we wished stopped from charging, but this had had to be done before the limit was raised. With this experience we did not change the limit when full service was restored, and in the last eight months we have lost only one small account due to unauthorized purchasing. It is true that we have had some slow accounts that we would like to have stopped, but have cured this to a great extent by writing the individual customers. This also speeded up our office as the authorizer was left free to do other work.

Collection procedure has been standardized as much

as possible with form notices and letters used to a great extent. The only extra record is a 3 x 5 card box with a date index. Names of accounts to be followed up on definite dates are put on a card and placed behind the date set. This follow-up is limited to those in the final stage of collection or the few on which a definite date has been placed for some type of action.

All other credit notes are concisely entered in the margin of the ledger card itself, enabling any person to handle intelligently an account in the absence of the credit sales manager. This sometimes makes a bookkeeper feel like pulling her hair as it does not look too attractive to her on a clean ledger card, but ultimately she becomes reconciled to it. Everyone in the office is instructed to enter any pertinent statements made by a customer as to date she expects to pay, reason for late payment, etc., so that no collection action is based on memory. This is of tremendous value on slow accounts who repeat, as the complete history of payments, collection actions, and customer statements is in one spot. This also is an aid to the authorizer.

Our collection procedure itself can be divided into three sections, namely: pre-stuffing the past-due accounts, three form notices followed by a letter, and then individual attention. The pre-stuffing is done by our credit sales manager, herself, as she goes through the trays, or by the bookkeeping machine operators during slack periods. This is done once a month immediately following the billing, placing a card with a green tab behind the application on all accounts with balances of over 90 days. This happens to be the accepted time in Shreveport to begin collecting 30-day accounts in all the major stores, with the exception of one chain store which operates on 45 days. This is done whether a notice will be sent at that time or not. We use a red-tabbed card for stop, green to designate routine collection, and purple to flag any account we wish to watch closely but on which no action is being taken.

## Printed Forms for Notices

For notices we use printed forms on which the date, amount, and months of purchase are entered, along with name and address. We found that designating the month of purchase almost eliminated irritating the customer who thought her credit was being questioned as it showed her clearly the age of the account. Three forms are used for first, second, and third notices, with almost identical wording except that the second and third show that previous notices have been sent. These can be either typed or handwritten but the handwritten notice is so much quicker and more convenient that we use this method, and so far we have had no unfavorable customer comment. These notices fit our regular statement envelopes.

An offset printed form letter follows the notices, with the name and address typed in. We also use a "partial-payment" letter explaining the terms when only small payments are received.

Notices are timed so that No. 1 is sent 10 days after the fourth statement, No. 2 ten days later, the next



# Hospital Credit Procedure

R. E. BLUE, *Credit Manager, Willis-Knighton Memorial Hospital*  
Shreveport, Louisiana

**H**OSPITALS now rank number five in big business and consideration must be given when measuring the credit economy of the nation. A tremendous amount of credit is extended by the hospitals in order to fulfill their missions in their respective communities. Prior to the depression in the early thirties, deficits in the hospitals were covered by grants, bequests, or gifts from wealthy individuals.

The hospitals were mostly built in large cities or populated areas and rural communities were sadly lacking in hospital facilities. The public grew hospital conscious following World War II and through the Hill-Burton Act passed by Congress hospitals began to be built throughout the nation in small communities as well as large cities to give patient care to as many people as possible.

In order to keep pace with the growth of hospitals, training programs for hospital personnel were set up through the facilities of the American Hospital Association and State Hospital Associations. Hospital administrators were and now are being trained through the facilities of the American College of Hospital Administrators. Another branch known as the American Hospital Accountants was formed for the purpose of training accountants.

Hospitalization insurance to pay hospital bills was started by the Baylor Hospital in Dallas, Texas, during 1933. The next hospitals to organize and handle policies were in Shreveport, La. Since 1933, hospitalization insurance has spread throughout the nation. "In 1931, approximately sixteen million people were protected with hospital insurance. In 1951, the number had increased to 86 million. In 1955, the number was over 100 million." The major portion of hospital bills are protected by insurance. About two-thirds of the people who enter hospitals today are covered by hospitalization insurance, leaving only one-third without any coverage. The credit department, set up according to fundamental principles laid down by the National Retail Credit Association and

local credit bureaus, must devise ways and means to collect the remaining balances on hospital bills.

I would highly recommend that all hospitals extending credit be members of the local credit bureau and National Retail Credit Association in order to take advantage of the facilities of the associations. The local credit bureau can be of great help to the hospitals in collecting past-due accounts through their collection department.

Hospitals can no longer depend on generous public citizens to cover their deficits and must have trained personnel. Hospitals are divided in two sections, namely professional and administrative. The professional staff looks after the care of the patient. The administrative staff takes care of the other functions of the hospital. Credit and collections are handled by the administrative staff.

Membership and participation in local Credit Managers' Club are recommended for the hospital credit managers. The club is part of the credit bureau and enables the credit manager to come in contact with others. The association is worth while and the hospital credit manager can give and solicit information.

A well-informed credit manager is a valuable executive of the hospital. Hospital administrators must not be shortsighted and entrust the second most valuable department of the hospital to a low-paid and inexperienced employee. The credit manager is an executive and should be recognized as such. I would place this matter at the top in "What is the most important credit problem for 1956"—that is, get the best credit manager you can employ for your hospital.

There will always be a certain portion of accounts receivable difficult to collect. After the hospital credit department has exhausted all means for collection, the account should be sent to the local credit bureau for collection, if possible. We are fortunate in Shreveport to have one of the best in the nation. The local bureau is in a position to collect the account and rehabilitate the debtor. ★★★

statement in the regular cycle 10 days later, No. 3 ten days thereafter, with the form letter following in 10 more days. Only the flagged accounts need to be run in sending these notices. Also the credit sales manager can designate on the ledger card the notice due and it can be sent by another person. If by the sixth statement the account is not balanced or well on the way toward being so, then the individual attention is started and the name is entered in our 3 x 5 card file for close follow-up.

The preceding paragraph sets out our basic timing. As any credit man knows, there are periods when time and schedules wait for no man and in these periods we sometimes omit the form letter or one of the collection notices to keep the account from getting too old for collection.

The final stage in our procedure, when all else has failed, is to notify the customer that the account will be given to the local credit bureau for collection by a certain date. When that date arrives without settlement, the account is turned in. By letting no account die in

our files we minimize our losses. We frequently collect accounts that appear hopeless because the bureau had the account and the person later wished to buy a home or open an account and thus paid our account to keep from being rejected.

We have tried two outside collection agencies other than the bureau but neither was as successful. Evidently the coercion that exists when the collection is in the general credit files makes the difference. When it is in the bureau files all members receive this information when clearing. When the account is collected through an outside agency, only the agency and the store know of the bad account and when the agency gives up the account is completely dead.

These are our basic credit procedures with a few labor-saving ideas we have adopted. We would welcome any comments or any future outlines from another credit office so that our operation can be compared, improved, and standardized with other offices. ★★★

# More and Better Factbilt Reports

W. G. Readhimer

Secretary-Manager, Credit Bureau of Greater Shreveport, Shreveport, Louisiana

THE CREDIT MANAGER'S judgment is no better than his information. The source of that information is the credit bureau. Since sales are based on Factbilt reports the bureau occupies an important position in the sale of merchandise. The credit bureau then is the first line of defense against credit losses. This brief article will be an attempt to describe our operation here in Shreveport to fulfill our mission of supplying our members with such dependable information as to make the evaluation of credit risk no guesswork. It will be noted from another article that we operate in a fast-growing community of 163,400 people now with an anticipated 200,000 by 1960. Our facilities, therefore, must keep abreast with this increase in population. The increased cost of operation must constantly be considered in our immediate planning.

The cry here as elsewhere is for better reports and faster service. That cry must not be overlooked by the bureau since our existence depends on sales also. First requirements to meet this challenge are better-trained employees, the most modern equipment obtainable, time-saving devices of every sort, close supervision, and, above all, the know-how to get all machinery working together.

## **Responsibility for Prompt Reporting**

The time required to get the credit information is an important factor. Since most of this information must come from the merchants, they, too, have a responsibility in prompt reporting. We tell them, "You give us the information fast and we will do likewise." We formerly had schedules with the larger stores wherein we could secure information four times daily, but they wanted it back faster. To make this possible we promised them quicker service if schedules were disregarded and they finally agreed to abandon these schedules. This has made it possible to give revised reports back to them in not more than 24 hours and in a large number of cases much less time.

We do a large amount of mortgage loan reporting through FHA and Building and Loan Associations, insurance companies and other lending institutions. These are almost always rush reports. Competition is keen among mortgage loan brokers so that we must meet their requirements. The banks are also large users of credit reports and in addition to financing their own loans are financing appliance and furniture sales for the small dealers. The competition in this field is keen and we must meet another challenge of hurry, hurry.

Another source of reporting is the major oil companies for credit card reports. We have worked out with the credit managers of the different companies various ways of getting the application to us direct from the source in order to expedite the report and eliminate too much handling before it reaches us. We are attempting now to give them the same service (as to time) as other reports, since in order to retain this business their requirements must be taken into consideration.

We have a nice volume of medical members and it is our objective to increase this field, which has an addi-

tional potential 300 members. To meet their requirements service must be offered to merit their membership. We are in the process of announcing a Medical Division to our bureau. Service to them is somewhat different from that of our merchant members.

We offer to our members the best collection service that can be developed. We have collection men with experience and the know-how to render this difficult service as it should be. The Collection Department is a *must* in every successfully operated bureau. It is a part of credit bureau service which not only increases bureau revenue but makes membership in the credit bureau more desirable. Many members come to our bureau through the collection department. This is an additional means of feeding into the bureau files valuable information that might otherwise bypass the files.

For 25 years we have operated a Loan Department with two primary objectives: first, to make it possible for our members to collect in a lump sum their money that is usually past due, and second, to rehabilitate a prospective lost customer or bankruptcy. While there is no big profit, yet it is a service to the members. We must not lose sight of the fact that the bureau is a service institution established to promote the interest of its membership. We have been the only institution to come to the relief of many overloaded, distressed customers. In many cases their financial status is such that other lending agencies cannot help.

Credit reports must not be priced beyond our ability to sell them. The constant increase in cost of supplies, wages, telephone service, rent—in fact, everything that we must have for operation—has become a problem in costs that all must face. Our first step in meeting this situation was to increase our members from 185 in 1945 to almost 550 today. We have also increased the number of reports furnished by selling members who formerly used few, in addition to doing more personal reports and more special reports.

## **More Reports Per Employee**

The second step was to cut the time element by better equipment and time-saving machines, making possible more reports per employee. We are now installing the most modern filing system available. When complete, this will cut file clerks' time by more than 50 per cent. The system is only half completed and has proved its worth already. Misfiling has been almost eliminated. We have a system of knowing where every file is at all times. Electric typewriters have increased written report production by 15 to 20 per cent. Auto typist has replaced typists in the Collection Department to where we are now able to do a volume of letters on the machine equal to three typists. These are in reality form letters which appear individually done. They are free of errors and do not have to be read, but only signed. We have installed a machine for reproducing copies of letter reports for newcomer service at a small fraction of original cost. We reproduce almost all of our forms on our own equipment at 40 to 50 per cent of the

# The Automotive Credit Manager

**Hugh A. Galloway**

**Credit Manager, Wray-Dickinson Company  
Shreveport, Louisiana**

**T**HE PROBLEMS of the automotive credit manager may vary according to size of dealership and community, or the types of industries supporting the community, but they all have one common goal: maximum sales with minimum losses. We try to get all new car purchasers acquainted with our credit manager at the time the sale is made. Experience has shown us that this is the best time to make the new car buyer a permanent customer.

We consider the credit application and personal interview of utmost importance. A few minutes of friendly conversation, during which we fill out our application on a 4 x 6 card, is usually sufficient to get all of the pertinent information. In taking the application, we list all current outstanding bills, to determine whether the outstanding indebtedness is more than the income justifies. Each credit application is processed immediately through the Retail Credit Bureau of Greater Shreveport, where the applicant's record can be quickly and easily checked.

As soon as a decision is reached, the prospective customer is notified. If the account is approved, and the customer is waiting, he is thanked for the account and informed of our terms. If the customer has departed, a courteous letter is written, giving the same information. If it becomes necessary to decline credit, this is done as courteously and diplomatically as possible. If rejection is due to a present overloaded condition, our reason is given with the suggestion that such work as can be paid for be done at this time, and as soon as some of the other pressing obligations are retired, the customer again see us regarding the opening of an account and having the balance of the work done. As an added service to our customers, we extend "Budget" terms when a large job is needed, and the customer cannot pay in thirty days. We have set a limit of six months' time, based on the amount to be spent. On new accounts we require one-third down; however, this is frequently waived for established customers.

Beware of the "Carry me until payday" customers. Beware of the 5 p.m. and 12:00 noon Saturday customer. We have largely eliminated the latter, by having our service salesmen inquire, "Is this cash or charge?" If the customer wishes to charge, he is asked, "Do you already have an established account, or shall I arrange for one for you?" If the customer has not had an account, he is directed to the credit office.

We feel that efficient collection methods promote more sales. Certainly, if the previous month's account has been paid in full, the customer can be sold up to his credit limit. On the other hand, past-due accounts influence the customer to purchase elsewhere, but if he wished to buy, he could be sold only an amount equal to the difference between his indebtedness and his credit limit. Our experience shows that in an account 90 days old, the 90-day purchases will average 60 per cent of the total account, the 60-day purchases 30 per cent, and the 30-day purchases 10 per cent.

On the fourteenth of each month, accounts past due 30 days are sent our "Courtesy Notice" which reminds the customer that the account has been overlooked. This notice carries the legend: "Accounts payable tenth of month following purchases." Five days later our "Second Notice" is mailed. It asks the reason for nonpayment and requests a prompt remittance. These two notices will usually bring the remittance, but there will always be that 5 per cent who must be telephoned or contacted with a strongly phrased letter. After thorough working, accounts which are four months old and appear uncollectable are charged to bad debts, and listed for collection to the Credit Bureau of Greater Shreveport.

Most company accounts are active each month, but individuals' accounts will average every third month. We keep a service record on our customers' repair jobs, which is used for our follow-up letters. We keep one eye on the fact that a considerable volume of business can be driven away by a too rigid credit policy, and the other eye on the fact that \$1.00 loss in bad debts may cancel \$20.00 in sales. ★★★

original cost. Other labor-saving equipment includes such items as folding equipment, mechanical letter openers, postage stamping and sealing machine, latest Western Union sending and receiving equipment, and the best telephone setup available.

ACBoFA furnish a great many forms that can be time-saving. We use most of the forms they sell. They have many collection helps available for our members as well as for the bureau in reporting delinquent accounts. Our members use many of these forms for pre-collections and feeding into bureau files valuable information which makes file reports more complete. Many forms used have been picked here and there. Some of the forms we now use have cut to one operation what we formerly

did in four. If you do not have a catalog of supplies from ACBoFA, order one for your office.

We plan to meet all increase in costs including minimum wage increase without raising report prices or other service costs to the members. We believe that the day for the one-horse bureau is gone. It is necessary that we meet the changing times and new demands made on us by expanding our services and facilities. To ensure our continued responsibilities better we are in the process of erecting our own building with every facility for the operation of a modern bureau. When completed, it will have basement parking facilities and two other floors, one for present operation and one for revenue, with more space for expansion. ★★★



# The Development of the Bank Credit Department

W. Warren Fuller

Assistant Cashier, Commercial National Bank, Shreveport, Louisiana

THE DEVELOPMENT and assimilation of credit information by banks began over a century ago and closely parallels the gathering of credit information by credit agencies and other users of such information. The earliest credit records kept by banks consisted of "Information Books" in which was recorded the character of all houses about whom the banker had an occasion to make inquiries. Prior to the industrial age, however, bankers dealt with the wealthier and more influential citizens, who possessed great prestige, strong family ties, and therefore required little investigation. As the common man began to acquire wealth from the many commercial adventures in the new era of expansion, it became important that an investigation be made into the character and financial position of these borrowers. As the number of these customers and the complexity of business increased it became more and more imperative that banks keep some kind of credit records. The responsibility of keeping a credit file rested, at first, on the bank loan officer but with the hard and sometimes

disastrous financial lessons learned in the panics of the 1890's it became apparent that a more elaborate system must be devised.

The first formal credit department is believed to have been organized about 1890 when such a department was badly needed but even then was considered a visionary experiment. After the severe panic of 1892 the movement spread quickly among banks as well as commercial houses, but the real impetus to the credit departments coming into being seemed to spring from the rapid changes taking place in banking practices. The growth of these departments continued at a fast rate and in the early 1900's bank credit men and officers began to find exchanges of information and opinions very helpful. Exchanges of confidences generally followed personal acquaintance, and while the information exchanged was largely confined to commercial paper, a foundation was being laid for a national bank credit association.

This national bank organization, known as the Robert Morris Associates, had its beginning in 1914 and was actually formed the following year by the National Association of Credit Men at Salt Lake City. Robert Morris, after whom the organization was named, was the outstanding individual financial figure of the Revolutionary War period. It was mainly due to his personal efforts that the war for national independence was financed. Membership in the Robert Morris Associates has grown steadily through the years and today there are approximately 800 bank members.

The importance of the bank credit department in modern banking cannot be overemphasized. It would be impossible for today's loan officer to handle the volume of business which is required of him without the assistance of the credit department in gathering information and handling a multitude of details. The loan committees in some banks today are composed partially of members of the credit department and in many instances special type loans are handled almost exclusively by this department.

The bank credit department also performs other important services. In addition to receiving, developing, and analyzing credit information, an enormous task exists in answering credit inquiries from other banks, credit agencies, and individuals. These inquiries are received by mail, telegraph, telephone, credit bureau lists, and direct personal contact and must be given careful attention in order to avoid injustices to the bank's customers and the misleading of the inquirer in granting credit.

With the continuing growth of our banking institutions and the important role which they play in commerce and industry I am sure that credit departments will continue to grow and constantly enlarge and increase the services which they offer. This challenge can be easily met through the perseverance of the managers of bank credit departments, through the continued free exchange of information between banks, and through the bank's close cooperation with the various credit agencies.

\*\*\*

## Newspapers ARE Necessary

GOOD NEWSPAPERS contribute in many ways to the improvement and expansion of the cities in which they are published. A newspaper feels the pulse of its city daily, and can help in many ways to promote its growth. Fully apparent is the stimulant provided by energetic reporting of constructive community news, and by a vigorous editorial policy which recognizes the city's economic interests.

Also influential in a civic sense is the circulation department of a newspaper, constantly building up a reader-audience not only for the news but for the advertising a newspaper contains. The market enjoyed by business houses in a community may depend directly on how many readers the newspapers in the community have.

Through display advertising in newspapers, merchants can reach many thousands of potential customers quickly, bringing them not only descriptions of merchandise but prices. The flow of trade created by such advertising means more businesses of all kinds.

In a different channel, but serving a like purpose, classified advertising meets a wide variety of community wants. Such advertising is the chief merchandiser of real estate, for example, and of used cars. The classified section of your daily newspaper is a vitally necessary part of your community's economic structure.

In countless ways newspapers serve the general public in a manner not to be duplicated by any other medium. From the cradle to the grave, the newspaper is the chronicler of the people, and its role of leadership in encouraging the good and driving out evil is but one of many services which it ceaselessly renders to a community.—A. M. San Angelo, *Assistant Credit Manager*, Newspaper Production Company, Agent, *Shreveport Times* and *Shreveport Journal*, President, Retail Credit Managers' Luncheon Club, Shreveport, Louisiana.



# Shreveport Credit Managers Club

THE ASSOCIATED Credit Grantors, Inc., was organized in Shreveport on March 30, 1935, under Act 254 of the Legislature of Louisiana. Some time later the name was changed to the Credit Managers Club, Inc., and some of the objects and purposes of this corporation and the nature of the services to be performed are as follows:

(a) To assemble, disseminate, exchange, and receive data and information to determine the financial responsibility of persons, firms, corporations, or associations of persons applying for credit or making purchases on terms.

(b) To aid, assist, encourage, and advance by means of mutual aid and assistance to each other, the members of this corporation, in the safe and profitable granting of credit or terms for the payment of purchases made to persons whose financial responsibility has been determined and whose record and conduct merit the same.

(c) To promote, foster, and encourage the settlement or payments of bills, notes, and mortgages and the prompt payment for goods, wares, and merchandise purchased upon open terms of credit or otherwise.

(d) To cooperate with each and all of the members of this Association and extend mutual aid and assistance in the advancement of their employment or engagements in the granting of credit for themselves or their employers or other persons.

(e) To support or oppose, encourage or discourage any and all legislation that might affect the members of this

association or their business and engagements as granters of credit and to support or oppose, encourage or discourage any and all legislation that might facilitate the collection of accounts or other obligations to themselves, their employers, or other persons.

(f) To hold and conduct regular meetings among the members of this corporation and to hold lectures and discussions upon any subject of interest to the members hereof for their benefit and advancement in their work or employment or in the work and business of their employers or other persons or businesses, or any other persons associated or interested in retail credit work.

The Shreveport Club is serving its community in a splendid manner. After all of these years, a number of credit managers who helped to organize the club are still active in the association. The Credit Managers Club serves another important purpose in supporting the local Credit Bureau in carrying out a definite educational program for the Shreveport area. The Club through its alert and aggressive members cooperates with all of the civic clubs in promoting any worth-while program for the community.

We have a definite educational and intellectual program to make our weekly luncheon meeting successful and interesting. The weekly credit luncheon is held in a downtown hotel each Tuesday and the attendance is satisfactory. The weekly luncheon meeting is the focal point in advancing ideas and future plans.—R. E. Blue, Credit Managers Club, Shreveport, Louisiana.

Below is a picture of the second Credit School held in Shreveport, Louisiana, by Sterling S. Speake of the National Retail Credit Association. The first school was held in 1952. The attendance for this year's school averaged 100 for the four nights, the enrollment being 106. Of that number, three had attended the first school. It was made up of people from all types of businesses, predominant being banks, loan companies, oil credit personnel, dairies, and a variety of stores. Enthusiasm ran high all through the four nights and many compliments have been received from executives as to the good received by their employees. Some nonmembers

were enrolled and membership in the Credit Bureau has already been secured in some cases.

We think the school as taught by Mr. Speake is one of the best ever conducted. We recommend the school highly and if you have not had one, we suggest that you contact Mr. Speake through the National Office and arrange one for your city. The instruction that he gives has helped us to serve our members better by their having a better understanding of their jobs as well as ours.—W. G. Readhimer, *Secretary-Manager*, Credit Bureau of Greater Shreveport, Shreveport, Louisiana.



# Louisiana Credit Trends and Economic Outlook

Mrs. Marguerite Garrison

Vice President, Credit Women's Breakfast Clubs of Louisiana  
Secretary-Treasurer, Jordan and Booth, Shreveport, Louisiana

**S**OMEONE has said that over three-fourths of the world's business is carried on by credit. To be sure, this has been true in the past, is true today, and from all indications may even be more so in the future.

Of the over 50 million automobiles on the highways today, approximately 90 per cent of them are bought on credit. The same is true when we look at the vast housing projects which have been constructed in the past 15 years. The country's economy moves on credit. No time in the history of the South have we seen so much construction and expansion of business enterprises. In the city of Shreveport there have been started and for the most part completed a large number of housing subdivisions. This situation is found to exist throughout our Southland, and in the nation. These homes are being purchased by a small down payment (or in the case of veterans no down payment) and are to be paid for over periods of years ranging from 10 to 30 years. Without the instrument of credit only a small number of these homes could have been built.

Why are we building so many homes and expanding our facilities for trade? The answer is found in the fact that many of our cities and towns of the state are rapidly becoming sites for numerous and varied industries. Industry is coming South because of an abundance of labor supply, cheap sites for its factories, better climatic conditions, tax-free exemptions for 10 years, and an abundance of water and electric power. The textile mills were once in the northern section of the United States. Today we find them located in North Carolina, South Carolina, Georgia, and other southern states.

Never before in the history of the United States have we seen so many factories, mills, and plants in the southern states and they are coming South in increased rates. Our economy in the South is secure because it is

built on a sound foundation. It is supported by a well-balanced diversified agricultural policy. For example, in 1954, 24.8 per cent of those employed in the state turned out goods valued at over \$402,000,000. This is at a higher rate than that for the nation.

Processing and manufacturing plants in Louisiana employ 24.4 per cent of workers. This makes for steady incomes and a sound economy. From this we see that Louisiana no longer depends on one type of income—farming—but upon many.

In reality the South is coming into its own for the first time. Its educational institutions are among some of the best in the land. More of its boys and girls are graduating from high school and colleges in courses which will prepare them for vocational success and for worth-while citizenship. The Southern student has seen the "star in the East" which leads him to success—vocational preparation and a democratic way of life. No longer is he satisfied to be the "forgotten man" in this great country of ours. He wants to take his proper place in the economic, civic, and social order. Indeed, the outlook for southern economy is the brightest it has been for years. All predictions for 1956 are that the year will see even a bigger expansion and boom in practically all of the southern states than in 1955. This is true especially of Louisiana because the state is blessed with an abundance of natural resources the like seldom found in any one state.

Louisiana has today its largest percentage of citizens gainfully employed. This means more buying; more buying means more production; and more production means more employment, and thus its economy is ever expanding and increasing. All of this makes for prosperity, economic growth, and happiness of its people.

\*\*\*

## Text and Reference Books Published by the N. R. C. A.

Retail Credit Fundamentals, 390 pages . . . . .	\$5.00
Retail Credit Management, 477 pages . . . . .	5.00
Streamlined Letters, 479 pages . . . . .	6.50
Important Steps in Retail Credit Operation, 76 pages . . . . .	1.50
How to Write Good Credit Letters, 128 pages . . . . .	2.25
Physicians and Dentists Credit and Collection Manual, 64 pages . . . . .	2.00
Retail Collection Procedure and Effective Collection Letters, 80 pages . . . . .	2.00

\* \* \* \* \*

**NATIONAL RETAIL CREDIT ASSOCIATION**  
375 JACKSON AVENUE ST. LOUIS 5, MISSOURI

Mr. Credit Executive

Do you age your accounts? Here is a form designed especially for your needs.

To assist Credit Departments in performing a more efficient credit control on past-due accounts, we have several times during the past few years revised the **Age Analysis** form reproduced below. Over 2,000,000 have been sold to date, testifying to its success.

It is especially effective for smaller stores for use in collection follow-up and placing restrictions on accounts.

The size is 9½" x 12" and they are padded 100 to a pad. Prices: 100, \$1.50; 500, \$5.00; 1,000, \$9.50. Postage extra. Special prices on larger quantities. Order **Age Analysis Forms No. 721**, today, from your **Credit Bureau or National Office**.

## NATIONAL RETAIL CREDIT ASSOCIATION

**375 Jackson Avenue**

**St. Louis 5, Mo.**

### ACCOUNTS RECEIVABLE AGE ANALYSIS

NAME OF FIRM \_\_\_\_\_

MONTH OF \_\_\_\_\_ 19\_\_\_\_

[illegible]

In the interest of efficient credit control accounts past due more than 60 days or accounts in an overbought condition should be reported to the Credit Bureau.

Form 721—National Retail Credit Association—Saint Louis  
PRINTED IN U. S. A.

# Building Sound Credit Policies For Small Stores

DR. CLYDE WILLIAM PHELPS, *Chairman, Department of Economics,*  
*University of Southern California\**

ONE PROBLEM which is special to small stores is that the volume of credit business handled often is not sufficient to permit securing the full advantages and economies of specialization. For example, a store may not do enough credit business to justify the employment full time of a man or woman who is trained and experienced in this specialized phase of business. In such cases the credit and collection function must be shouldered largely or entirely by the store owner, who is already burdened with the buying, selling, and other major functions of business management.

Perhaps more important is the tendency on the part of many owners of small stores to underestimate the value of efficient record keeping. Poor records constitute one of the main causes of trouble in small store credit business. A good accounts receivable ledger and system is one that will enable the retailer to keep records accurately, prevent overbuying on accounts, get out statements on time, suspend slow accounts promptly, follow up delinquents without delay, facilitate sales promotion in the case of inactive or little-used accounts, and promote good management of the business generally.

In order to perform these functions satisfactorily, a system needs to possess certain important characteristics. To achieve accurate records, the system should have features which will prevent errors in arithmetic, safeguard against failures to record transactions, protect against dishonesty, and furnish a good means of auditing. Fire protection of ledger records is a second valuable characteristic. A third is ease of maintaining the records in an up-to-date condition. Speed of operation and simplicity and economy are other valuable characteristics to look for in judging the setup of an accounts receivable ledger and system.

Whether it offers consumers the privilege of buying on regular charge account, or on the instalment plan, or on both kinds of credit arrangements, a store will need to build its credit policy along the lines of one of four fundamental types.

Type 1 is liberal credit granting coupled with liberal treatment in collections. Here the policy is to extend credit not only to consumers of excellent, good, and average credit standing, but also to those possessing just fair credit records, and even to many who are generally regarded as being poor credit risks. The aim is to achieve the highest possible credit sales volume, and pressure in collections is avoided as possibly hampering sales. Increased credit expenses and losses are expected to be more than offset by the anticipated increase in credit sales.

Type 2 is liberal credit granting followed by strict collections. Credit is extended to all classes of risks,

\*Reprinted from *Small Marketers Aids* No. 6, published by Small Business Administration, Washington 25, D. C. Copies of all Aids may be obtained free of charge from Small Business Administration Field Offices, or from any Department of Commerce Field Offices.

including many decidedly poor ones, as in the case of Type 1. But the explanation of policy here is usually that the credit granter is extremely liberal in extending credit, partly, at least, because he feels that he is a better collector than his competitors. He strives for the greatest possible credit sales volume but at the same time hopes to avoid unduly excessive expenses and losses by a strict collection program.

Type 3 is strict credit granting followed by liberal collection treatment. In this case the granter is selective in extending the credit privilege. He will not sell on charge or instalment account to consumers whose credit rating is poor, and may also decline accounts to those who have only fair ratings. This policy of extending credit just to those whose credit standings are reported as excellent or good (or including perhaps those rated as average) may be followed by a collection procedure which avoids strictness because it is felt that there is little or no risk that such carefully selected credit customers will fail to pay their bills.

Type 4 is a policy which is strict both in credit granting and in collections. In this case the credit granter, by stressing prompt payment of bills, seeks to minimize collection expenses and to keep customers in an open-to-buy position. Policies of Types 3 and 4 intentionally forego a certain amount of credit sales on the basis that the additional sales would be accompanied by more than proportional increases in expenses and losses.

Which one of the four policies should be selected by a given store as being most practicable and advantageous will depend upon many factors: the profit margin on the merchandise sold, the line of business and its customs, the policies of competitors, the phase of the business cycle which prevails at the moment, the competitive position in which the store finds itself, and the financial and other circumstances peculiar to the store.

No matter which one of the four basic types of policy is adopted by a store at a particular time, and regardless of details of procedure which necessarily differ from store to store, there appear to be certain fundamental principles which must be followed to make any policy fully successful. These principles as they apply in charge-account and instalment selling may be stated and explained briefly in what may be termed the six steps to sound credit operation in small stores.

## 1. Establish Sound Terms

Careful consideration should be given to establishing the terms upon which credit shall be granted, whether a store engages in charge-account or in instalment selling.

Charge accounts.—With regard to charge-account terms, there are five important points to which the credit granter should give attention.

*First*, determine what shall be the store's nominal credit terms, i.e., the time by which payment in full is due. For example, a store offering monthly charge accounts may announce: "Bills are payable in full 10 days after receipt of each monthly statement."

*Second*, decide what shall be the courtesy period



permitted charge customers. This means the maximum amount of time a customer will be allowed to continue adding to his account without either (a) paying the past-due balance or (b) making arrangements for bringing his account to terms. The credit granter should set up some general rule as to the length of this period of grace.

*Third*, in opening accounts, explain clearly when payment of bills is expected and get the applicant's agreement to pay according to the store's announced terms. It is often said that an "account well opened is an account half collected." And nothing is more important in opening accounts than giving the customer a clear understanding of the store's terms.

*Fourth*, establish a credit limit, or line of credit, for each customer. This should be the amount of credit purchases the customer can actually pay for, within the period allowed by the store's credit terms. It may be revised upward or downward as experience with the customer dictates.

*Fifth*, provide for exceptional purchases. Some stores sell "big ticket" items as well as articles of low or medium price. Large purchases which customers cannot pay for according to charge-account terms should be handled on budget or instalment plans. This arrangement tends to prevent violation of terms on charge accounts. It also permits the imposing of carrying charges to cover the expense caused by a customer taking many months to pay for a large purchase.

**Instalment accounts.**—In establishing sound terms for the conduct of a store's instalment business the policy formulated needs to cover at least a half dozen essentials.

*First*, decide upon a minimum size for instalment contracts. Most stores will not open an instalment account for a customer unless the purchase amounts to at least \$25.00. Since there is expense involved for solicitation, bookkeeping, collection, repossessing, and other activities connected with instalment selling, it is sound practice to decide upon some specific amount as the minimum instalment sale which will be acceptable to the store.

*Second*, determine what shall be the minimum acceptable down payment on an instalment sale. This minimum is usually expressed not only as a percentage of the instalment sale but also as a number of dollars. For example, a store may decide that its minimum down payment shall be at least 10 per cent of the purchase price but not less than \$5.00. In this case a purchase amounting to \$35.00 would require a down payment of \$5.00, not \$3.50.

What constitutes an adequate down payment depends upon the nature of the goods. Ideally, the down payment should be large enough to exceed easily the depreciation in the value of the merchandise which occurs between the time of sale and the first instalment payment.

Down payments should be small enough to permit customers to buy, but they should be large enough to give instalment buyers an equity they will want to protect, thereby inducing them to keep the goods and complete their payments. The lower the down payments, the greater are the repossessions, losses, and collection expenses in doing an instalment business.

*Third*, decide upon the maximum lengths of time which shall be allowed for contracts covering the various classes of merchandise sold by the store on the instalment plan. Ideally, contracts should be short enough that the merchandise is paid for much faster than it depreciates

Find out who really gets top results at lowest final cost  
Write

**For proof and Low-Cost Test-Plan! Compare!**

**29th** success-year with Abraham & Straus; Foley's; Jordan Marsh; May Co.; and other top stores, large & small.

For ace Akron store, our unique mase.-fashion approach opened

**11,000 NEW CHARGE ACCTS.**

for **50¢** each

**3000** New Accts. opened for Goerke's, N. J. bought during the first year alone **\$301,000**

**WE REVIVE 50% to 70% INACTIVES**

**3725** (50%) Inactives in famed Texas store bought within six months, at ½ cost **\$241,000**

LESTER **brozman** COMPANY  
160 FIFTH AVENUE, N. Y. C. 10

in value. The longer the contracts accepted by a store, the larger are the losses on repossessed merchandise and on bad debts and the greater are the many other expenses connected with its instalment business.

It is important to note that the longer the contracts the larger is the amount of capital which a store must tie up in receivables to do a given amount of instalment business. For example, on a basis of no down payment, to handle an instalment sales volume of \$100,000 per year requires a capital investment of \$54,167 in accounts receivable if the terms are one year to pay, \$104,167 for 2-year terms, \$154,167 for 3-year terms, \$204,167 for 4-year terms and \$254,167 for 5-year terms. Actually the amount of capital tied up in receivables is greater than indicated by these figures because contracts tend to pay out more slowly (frequently by about 25 per cent) than stipulated in the written agreements.

*Fourth*, in setting up the schedule for instalment payments, take into consideration the frequency with which the customer receives his income (weekly, semi-monthly, or monthly). Generally, it is more convenient for customers who are paid every week or twice a month to make a payment each payday than to meet a much larger instalment once every month. Such payment schedules increase a store's cost of handling the accounts as compared with contracts payable in monthly instalments; but they bring the customers into the store oftener, which is regarded as a sales advantage.

The actual dates for a customer's instalment payments should be set so as to come immediately after the dates upon which he receives his income. Most stores estab-

(Turn to "Credit Policies," page 18.)

# PROGRAM HIGHLIGHTS

## 42nd ANNUAL INTERNATIONAL CONSUMER CREDIT CONFERENCE

Hotels Jefferson and Statler, St. Louis, Missouri, June 17-21, 1956

### Sunday Afternoon, June 17...

Gold Room—Sheraton-Jefferson Hotel

2:00 P.M. to 5:00 P.M.

Special session devoted to the problems of local retail credit association and district meetings. All delegates are cordially invited to attend this important meeting

#### 2:00-3:30—PROBLEMS OF LOCAL ASSOCIATIONS

Discussion leaders: Harold R. Chesney, President, Associated Retail Credit Men, San Francisco, California

C. A. Wildes, Credit Bureau of Minneapolis, Minneapolis, Minnesota

Programs. Attendance. Membership. Education. National Retail Credit Week. Pay Promptly Campaigns. Credit Schools. Etc. Participated in by local association officers, former officers and association members

#### 3:30-5:00—PROBLEMS OF DISTRICTS

Discussion leaders: David K. Blair, H. Liebes and Company, San Francisco, California  
Charles E. Moorman, Credit Bureau of Jacksonville, Jacksonville, Florida

Annual Conferences. Programs. Attendance. Building membership. Credit Schools. Consumer Education Publicity. Etc.

Participated in by district presidents, directors and past district presidents and directors

See Editorial on Page 32 of this issue

### Monday Afternoon, June 18...

#### The Credit Workshop

Crystal Room, Sheraton-Jefferson Hotel

2:00 P.M. to 5:00 P.M.

Chairman, Wimberley C. Goodman, Reynolds-Penland Company, Dallas, Texas, First Vice President, National Retail Credit Association

#### 2:15 P.M.—“Educating the Credit Granter”

Sterling S. Speake, Austin, Texas, Retail Credit Specialist, National Retail Credit Association

#### 2:30 P.M.—“A Word of Caution”

Paul M. Millians, Vice President, Commercial Credit Company, Baltimore, Maryland

#### 3:00 P.M.—“Credit Education in Texas Schools”

Fred G. Cimmerman, Neiman-Marcus, Houston, Texas

#### 3:15 P.M.—“Retail Credit in Hawaii”

Alvin A. Smith, Credit Bureau of Hawaii, Honolulu, T.H.

#### 3:30 P.M.—“Chapter 13 Results”

E. L. Goodman, Burger-Phillips, Birmingham, Alabama

#### 3:45 P.M.—“National Retail Credit Week in Canada”

H. Leslie Hulme, Aluminum Goods Limited, Toronto, Ontario, Canada

#### 4:00 P.M.—Panel Discussion, “Collection Procedures That Produce Results”

##### Panel Members

A. M. Hammond, Continental Oil Company, Kansas City, Missouri

F. Milloy, Willis & Co., Ltd., Montreal, Quebec, Canada

Earle A. Nirmaier, Wilderotter's, Newark, New Jersey

C. W. York, J. B. Ivey & Company, Charlotte, North Carolina

### Tuesday Morning, June 19...

9:00—ASSEMBLY—GOLD ROOM, Sheraton-Jefferson Hotel

COMMUNITY SINGING

9:15—CALL TO ORDER

#### “Welcome to the Conference”

Kaa F. Blue, Foundation Plan, Inc., New Orleans, Louisiana, President, National Retail Credit Association

INVOCATION

IN MEMORIAM

9:30—APPOINTMENT OF COMMITTEES:

CONSTITUTION AND BY-LAWS

RESOLUTIONS

CREDENTIALS

(Annual reports of the Officers and Finance, Legislative, and Educational Committees will be published in The CREDIT WORLD)

#### 9:45—Greetings

Mrs. Una Pearson, Pearson's, Fort Smith, Arkansas, President, Credit Women's Breakfast Clubs of North America

#### 10:00—“Credit Customer Friends”

Francis W. Smith, Credit Bureau of Salem, Salem, Oregon, President, Associated Credit Bureaus of America

10:30—REPORT OF THE NOMINATING COMMITTEE

10:45—INTRODUCTION OF:

REPRESENTATIVES OF EXHIBITORS

#### 11:00—“People, Products, Progress: 1975”

Arch N. Booth, Executive Vice President, Chamber of Commerce of the United States of America, Washington, D. C.

12:15 P.M.—ANNOUNCEMENTS AND ADJOURNMENT

### Wednesday Morning, June 20...

9:00—ASSEMBLY—GOLD ROOM, Sheraton-Jefferson Hotel

COMMUNITY SINGING

9:15—RECONVENE

REPORTS OF COMMITTEES

CONSTITUTION AND BY-LAWS

CREDENTIALS

**9:30—Panel Discussion, "Successful Credit Sales Promotions"**

*Moderator*, Eldon L. Taylor, Glen Bros. Music Company, Ogden, Utah, Second Vice President, National Retail Credit Association

"Inactive Accounts"—Dean Ashby, The Fair, Fort Worth, Texas

"Revolving Credit"—R. L. Bruchey, The Hecht Company, Baltimore, Maryland

"Selling Minors"—Ray C. Edwards, Smith's, Oakland, California

"New Accounts"—L. S. Somers, McCurdy & Company, Inc., Rochester, New York

11:00—ELECTION OF OFFICERS

**11:15—Address**

Kenton R. Cravens, President, Mercantile Trust Company, St. Louis, Missouri

12:15 P.M.—ANNOUNCEMENTS AND ADJOURNMENT

**Thursday Morning, June 21 . . .**

8:45—ASSEMBLY—GOLD ROOM, Sheraton-Jefferson Hotel

COMMUNITY SINGING

9:00—RECONVENE

Action on Final Report of Committee on Constitution and By-Laws

Report of Resolutions Committee

**9:15—Panel Discussion, "Credit Sales Promotion Through the Credit Bureau"**

*Moderator*, Bernard J. Duffy, Credit Bureau of St. Paul, Inc., St. Paul, Minnesota, First

Vice President, Associated Credit Bureaus of America

Donald C. Althaus, Woodward & Lothrop, Inc., Washington, D. C.

Howard G. Chilton, Credit Bureau of Greater Fort Worth, Fort Worth, Texas

Howard A. Clarke, Gimbel Brothers, Pittsburgh, Pennsylvania

Norman B. Critser, Credit Bureau of Madison, Madison, Wisconsin

Harold P. Evans, The T. Eaton Co., Limited, Vancouver, British Columbia, Canada

E. F. Hodge, Retailers Credit Association of Sacramento, Sacramento, California

**10:30—"Your Date With Destiny"**

C. Hamilton Moses, Chairman of the Board, Arkansas Power & Light Company, Little Rock, Arkansas

**11:30—ANNUAL AWARDS**

Mrs. Una Pearson, Fort Smith, Arkansas, President, Credit Women's Breakfast Clubs of North America

Introduction of Officers, Credit Women's Breakfast Clubs of North America

International Achievement Awards

Harold A. Wallace, Executive Vice President, Associated Credit Bureaus of America, St. Louis, Missouri

Introduction of Officers, Associated Credit Bureaus of America

Membership Awards

Lindley S. Crowder, General Manager-Treasurer, National Retail Credit Association, St. Louis, Missouri

Introduction of Officers, National Retail Credit Association

12:30 P.M.—ANNOUNCEMENTS AND ADJOURNMENT

## Supplies Available from National Office

Age Analysis Blanks . . . . .	\$ 9.50	Per 1,000
Credit Application Blanks . . . . .	8.50	
Good Things of Life on Credit (Educational Booklet)	16.00	
Stickers and Inserts . . . . .	3.00	
Soldiers' and Sailors' Civil Relief Act (Booklet) . .	.75	each
CREDIT WORLD Binders . . . . .	3.00	each
N.R.C.A. Electros . . . . .	.75	each
N.R.C.A. Membership Signs . . . . .	.75	each
Pay Promptly Advertising Campaign (14 mats) .	3.50	each

★ ★ ★ ★ ★

**NATIONAL RETAIL CREDIT ASSOCIATION**

375 JACKSON AVENUE

ST. LOUIS 5, MISSOURI

lish a minimum acceptable instalment payment. Some set this at \$5.00 when the instalment payments are on a monthly basis, and at \$1.00 or \$2.00 when the contract calls for weekly or semi-monthly payments.

*Fifth*, select the form of contract for instalment business which is most advantageous considering the situation of the particular store. Depending upon the line of business and upon state legislation, a store may find that in its case the conditional sales contract is preferable to the chattel mortgage—or vice versa. Selecting the right form of contract can help to give better protection to the store and reduce expenses in instalment selling.

*Sixth*, establish an adequate carrying charge on instalment contracts. The credit service which a store gives its instalment buyers involves a considerable amount of expense for interest on money tied up in receivables, costs of repossession and bad-debt losses, and costs of credit investigation, bookkeeping, collections, and other activities necessary in an instalment business. The carrying charge should be adequate to cover the total expense of this instalment credit service.

What is a sufficient carrying charge depends upon the situation in the particular store, and it can be determined only by the credit granter making an accurate study of the costs of serving his instalment customers. It is desirable to establish a minimum carrying charge, stating it both in dollars and as a percentage rate. If only the latter method is used, it will be found in the case of small purchases that the percentage charge yields a dollar amount which is too small to cover the costs involved. For example, a 6 per cent charge on a 12-month contract for \$500.00 worth of merchandise would yield \$30.00, while the same percentage charge on a 6-month contract for a \$25.00 purchase would yield only 75 cents.

If adequate carrying charges are imposed at the time of sale, it follows that those instalment customers who pay up their contracts in full *before* maturity should receive an equitable refund of such charges. This procedure encourages prompt collections, deals fairly with the customer who anticipates his instalments, and builds good will. It is important, therefore, to construct a schedule indicating the refunds of carrying charges which will be made in the case of contracts paid before maturity.

How about the practical application of these principles? After a store has established its minimum instalment sale, minimum down payment, maximum length of contract, minimum instalment payment, and minimum carrying charge, the experienced credit granter does not follow these standards blindly. He would be lacking in "know-how" and good business sense if he were to let each customer make the smallest down payment allowed, take the longest terms permitted, and so on.

He should endeavor in each individual transaction to raise the amount of the instalment sale, the down payment, and the instalment payment above the minimum standards, and to arrange for the shortest possible contract length which will be convenient for the customer. For example, instead of telling the customer the amount of the minimum down payment, he should inquire: "How much would you like to pay down?" And usually the customer will offer to pay a larger amount than the minimum required.

In general, there should be a certain amount of flexibility in adapting the terms of an instalment contract to the situation of the individual purchaser so long as there is no real violation of the standards of the store's credit policy, for exceptions must be made to all rules. There must be standards and rules for efficient operation, but these must be applied with common sense and judgment.

## **2. Investigate Before Extending Credit**

The purpose of the principle of establishing sound terms for charge and instalment business is to help assure the conduct of the store's credit operation on a healthy, prompt-payment basis. But this purpose cannot be achieved if credit is granted to those who are unable or unwilling to pay as agreed.

Thus, a second principle is necessary: Investigate before extending credit on charge accounts or instalment contracts. This is an important step in protecting the store against slow accounts, "skips," and other undesirable customers. What is adequate investigation as to information required and as to procedure?

General.—Before extending credit on a charge-account basis or on an instalment contract, satisfactory answers to the following five basic questions should be obtained: 1. Who is he? 2. Where is he? 3. Can he pay promptly? 4. Will he pay promptly? 5. Can he be made to pay if this becomes necessary?

To answer these main inquiries, information should be secured from the prospective customer and entered on a credit application form. Next, it is usual procedure to get a credit report on the applicant from the credit bureau. This report enables the credit granter to verify the information given him by the applicant. It also supplies additional data and, particularly important, it throws light on the questions of ability and willingness to pay by indicating how the applicant has paid his credit obligations in the past.

After analyzing the information secured from the applicant and from the credit bureau or other outside source, the credit granter can arrive at a sound judgment as to whether he should accept or decline the risk which would be involved in extending the credit desired by the applicant.

Instalment accounts.—The foregoing discussion applies equally to charge-account and instalment selling. It may be added, however, that the principle of adequate investigation is often regarded as being even more important in handling instalment business than in regular charge-account operation.

This is because instalment buyers often do not possess ability and willingness to pay in as high a degree as does the typical charge-account buyer. Also, a store generally expects to sell more, and risk more, per customer when accounts are on an instalment payment rather than a monthly charge basis. Moreover, terms permitted in instalment selling allow a much longer period for payment than is contemplated in ordinary charge-account business. Finally, the right of instalment sellers to repossess merchandise does not reduce the need for thorough credit investigation; the expense of such in-



vestigation is small compared with the cost of increased repossessions.

### 3. Follow Up Systematically in Collecting

It has been said that some 70 per cent of a store's credit customers may be expected to pay promptly according to terms, always. The remainder, however, call for a systematic collection follow-up on the part of the credit granter. Here are some points to consider in this connection.

Charge accounts.—Statements should be sent out promptly because people often tend to pay the first bills they receive and let the others wait. When payment is not received in response to the mailing of the statement, most stores use a series of impersonal reminders or notices in the first stage of their collection follow-up.

The first notice reminds the customer that his account has become past due and requests the money. The second attempts to ascertain the reason for delinquency. The third notifies the customer that additional purchases will not be added to his account until the overdue portion has been paid. In order that this collection follow-up may be both prompt and systematic, definite time intervals must be established for the sending of the various notices.

Instalment accounts.—In instalment selling the customer may be given a passbook or coupon book showing the dates and amounts of his instalment payments—instead of sending him a statement before each payment comes due. Some retailers do send statements or notices before each payment date in the case of instalment sales of certain merchandise (for example, clothing, jewelry, furs, or silverware) which they consider as being transactions requiring special precautions. Still others restrict the sending of advance statements or notices to those customers who tend to be habitual delinquents.

When an instalment payment is not received on the due date, systematic use of a series of impersonal reminders is made as in the first stage of charge-account follow-up.

### 4. Enforce Credit Terms

Credit terms need to be enforced in both charge-account and instalment business, not primarily because the credit granter is afraid of not getting paid at all (enforcing payment is discussed later), but because he desires to keep his customers in an open-to-buy position and to avoid the many expenses and losses caused by slow accounts.

Here the principle followed by progressive credit granters may be stated as follows: Restrict further credit to any customer who has not paid as agreed until he either (a) pays that portion of his balance which is past due, or (b) makes a satisfactory arrangement to restore his account to a prompt-paying basis. This principle applies to both charge-account and instalment credit operation.

### 5. Show the Delinquent How He Can Pay

When the impersonal reminders or notices sent out in the first stage of collection follow-up procedure produce no results, the modern credit granter gets in touch with the delinquent to work out a plan for payment.

Charge accounts.—If the past-due customer is found to be only a routine case, being slow only with the store in question, the credit granter can suggest an agreement under which the customer may liquidate the overdue portion of his balance in definite amounts at definite dates. In case the customer is slow with other creditors, he may be shown how he can refinance his obligations and pay his creditors at once. In case he is heavily involved, he can be referred to a credit bureau or other agency which may be able to work out a pooling plan for scaling down and liquidating his debts.

Instalment accounts.—The modern instalment seller resorts to repossession only as a last resort. In order to help the delinquent customer achieve full ownership of the merchandise, the due date of his instalment payments may be changed if it is inconvenient, or monthly payments may be postponed for 30 days to 60 days, or the amounts of the payments may be reduced and the length of the contract extended, or some other arrangement may be worked out so that he may be able to discharge fully his obligation in time.

### 6. Enforce Payment

As collection follow-up proceeds, a small proportion of the delinquents will be revealed as either totally unable to pay or able but unwilling to pay.

Charge accounts.—There is nothing to do but to charge off as a bad debt the balance owed by a delinquent who is found to be totally unable to pay. In the case of those who are revealed as able but unwilling to pay, the credit granter should promptly and systematically use collection pressure, collection agencies, and legal services. There is little sense and no profit to be found in dealing with "dead beats." And after applying his own collection pressure, the longer a credit granter delays in seeking aid from collection agencies and legal services, the smaller are the chances of his realizing anything from those who are unwilling to pay.

Instalment accounts.—In the case of durable goods, the credit granter has the remedy of repossession in the case of both those customers who are unable to pay and those who are able to pay but unwilling. The general rule is that if repossession is going to take place for reason of inability to pay, the sooner it is done the better.

If the delinquent is able but unwilling to pay, and if the credit granter is of the opinion that the account is collectible under judgment, he may prefer to institute suit rather than to repossess. If he is of the opinion that a judgment would be uncollectible, he should undertake immediate repossession.

★★★

## Meet Me in St. Louie, Louie—Be Sure to Meet Me There THE 42ND ANNUAL INTERNATIONAL CONSUMER CREDIT CONFERENCE

HOTELS JEFFERSON AND STATLER, ST. LOUIS, MISSOURI, JUNE 18-21, 1956

National Retail Credit Association

Credit Women's Breakfast Clubs of North America • Associated Credit Bureaus of America

# CREDIT FLASHES

## Col. Blackstone Honored

Col. Franklin Blackstone, Credit Manager, Frank & Seder, Pittsburgh, Pa., and past president, National Retail Credit Association, was recently recommended for the Minute Man award by the Sons of the American Revolution. This is the highest honor to be voted a member of the organization. Col. Blackstone was recognized for his untiring efforts in the fight against Communism.

## George A. Lanciaux

George A. Lanciaux died at the home of his son, February 27, 1956, Longmeadow, Massachusetts. He had been a credit manager for various firms in Springfield, Massachusetts, and was associated with many fraternal and church organizations. He was a one-time president of the Springfield Retail Credit Association, and an honorary life member of the National Retail Credit Association.

## New Duties for Mrs. Margaret L. Coakley

Mrs. Margaret L. Coakley, manager of credit sales for the Lorelei Stores, Mamaroneck, New York, has another store to supervise on credit sales located in Hackensack, New Jersey. Mrs. Coakley is manager of credit sales for seven stores in the Lorelei chain.

## H. R. Zollinger

Private funeral services were held recently for Henry R. Zollinger, 83, retired president of the H. R. Zollinger Company, St. Louis, Missouri. He was an honorary life member of the Downtown Lions Club and the National Retail Credit Association. He had been a member of the N.R.C.A. since 1915 and attended many of our National Conferences.

## Frank E. Morriss

Frank E. Morriss, Secretary, Texas Retail Dry Goods Association for the past 37 years, died recently in Hollywood, California. He had been associated with retailing and the credit professions for many years, was a loyal member of the National Retail Credit Association, and a member of our Quarter Century Club.

## Frank J. Murphy Retires

Frank J. Murphy, 71, secretary-manager of the Credit Bureau of Greater Worcester, Worcester, Massachusetts, has retired, having served in that post for 44 years. He was secretary of the Associated Retail Credit Men of Worcester, former president of the New England Credit Bureaus and former secretary-treasurer of the New England Retail Credit Granters. He has been a member of the National Retail Credit Association since 1918 and now becomes an honorary life member.

Mr. Murphy was succeeded by J. Kenneth Lawler, formerly Secretary-Manager of the Credit Bureau of Holyoke, Massachusetts. Active in civic life, he has been Secretary of the Holyoke Kiwanis Club for four years and assisted in the annual campaigns of the March of Dimes, Community Chest and the Red Cross.

## Coming District Meetings

**District One** (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont, Provinces of Quebec, New Brunswick, Nova Scotia, and Prince Edward Island, Canada) will hold its annual meeting at the Sheraton-Kimball Hotel, Springfield, Massachusetts, May 6, 7, and 8, 1956.

**District Eight** (Texas) will hold its annual meeting at the Stephen F. Austin Hotel, Austin, Texas, May 20, 21, and 22, 1956.

**District Ten** (Alaska, Idaho, Montana, Oregon, Washington, Provinces of Alberta, British Columbia, and Saskatchewan, Canada) will hold its annual meeting at the Olympic Hotel, Seattle, Washington, May 19, 20, 21, and 22, 1956.

## Visitor from Oslo, Norway

Magne H. Bye, General Manager, Bokreditt Landsforbund, A/S, Oslo, Norway, was a visitor at the National Office, March 12, 1956. On the following day he visited the offices of the Associated Credit Bureaus of America. His visit to the United States was under the direction of the International Cooperation Administration, Washington, D. C., and the purpose of his visit was to enable him to study and analyze American consumer credit associations and practices. The knowledge gained will be used to develop better Norwegian debt-collecting and credit information systems, making the Norwegian consumer credit systems safer, sounder, and more efficient.

## Position Wanted

CREDIT MANAGER. Thoroughly experienced in all phases of credits and collections, including charge and installment accounts; also setting up of various charge-account promotions. Present capacity, credit and collection manager of large specialty store. Available on about two to three weeks' notice. Prefer New York City metropolitan area. Box 4561, The CREDIT WORLD.

## For Sale

Ill health has prompted us to sell our Credit Bureau and collection service. A growing business in the Rocky Mountain district. Excellent equipment and potential. Write Credit Bureau of Torrington, P. O. Box 909, Torrington, Wyoming.

## Help Wanted

Credit and Collection Manager wanted for large and leading store in central Pennsylvania city of 75,000 population. Jewelry, ladies' ready-to-wear and appliances. State age, experience, salary expected and when available. Box 4562, The CREDIT WORLD.

### Karl Slocomb Honored

Karl Slocomb, Western Finance Co., Ltd., Winnipeg, Manitoba, Canada, and past president, Credit Granters Association of Canada, has been elected president of the Western Interprovincial Football Union. He succeeds Jack Rowand of Regina.

### Annual Boston Conference on Distribution

The 28th Annual Boston Conference on Distribution will be held at the Hotel Statler, Boston, Massachusetts, October 22 and 23, 1956.

## Houston Installs New Officers

An installation dinner and dance for new officers and directors of the Houston Retail Credit Association was held February 18, 1956, at the Insurance Club of Houston, Texas. The following officers and directors were installed by Fred Cimmerman, president, Retail Credit Executives of Texas: President, James P. Clarke, Foley's; First Vice President, Brian Jones, Buffalo Office Supply; Second Vice President, Robert M. Rand, Battelstein's; Treasurer, William R. Boyd, IV, First National Bank; Secretary, Robert K. Pinger, Credit Bureau of Greater Houston; and Assistant Secretary, Leroy Andrews, Credit Bureau of Greater Houston. Directors: R. G. Sneed, City National Bank; R. M. Perry, James Bute Company; Ross Sanddal, Westheimer Hudson Furniture Company; Mrs. Billie Paul, American Title Guaranty Company; James Waddle, Stowers Furniture Company; Mrs. Thad Miller, Joske's of Houston; Otis Linam, Medical and Dental Service Bureau; and Harold G. Davis, Southwestern Bell Telephone Company. The Association's attendance award was presented to Joe Pollak, Credit Manager, Lechenger's Jewelry Company. This award is sponsored each year on the basis of attendance at local, district, and state meetings, and participation in association activities.

Shown below is a picture taken at the meeting. In the front row, left to right, are: Leroy Andrews, Robert M. Rand, James P. Clarke, Brian Jones, R. K. Pinger, and William R. Boyd, IV. In the rear row, left to right, are: R. M. Perry, Ross Sanddal, James Waddle, Mrs. Billie Paul, Mrs. Thad Miller, R. G. Sneed, and Harold G. Davis.



## Welcome to Seattle

Annual Meeting of District 10  
to be Held May 19-22, 1956

SEATTLE, Washington, is the hub of activities in District 10 of the National Retail Credit Association where the 35th Retail Credit Conference of the Pacific Northwest is scheduled for May 19-22, 1956, at the Olympic Hotel. Vernon E. Rasmussen, First Vice President of the District, is the General Conference Chairman. His committee has been meeting regularly since October, planning for the biggest and best conference to be held on the Pacific Northwest.

One of the outstanding features of the conference will be a forum consisting of a credit bureau manager, credit executive, and a Professor of Law from the University of Washington. Professor Harry Blyth, of the University of Washington and educational adviser for the Seattle Association, will moderate. The forum promises to be of special interest to all members. Other important and educational phases of the conference will be the "get-together" of members in similar business fields to discuss common problems, solutions, and goals. In addition there will be a presentation by Harold A. Wallace, "We like working together." The conference promises that each member will feel the meeting was both educational and well worth while.

Not only will there be business conducted at the conference but there will be fun too. Visiting wives will be treated royally. At Seattle's picturesque Yacht Club they will lunch leisurely while viewing the colorful cruisers and fishing boats. There will be a tour of Seattle's Volunteer Park and a visit to the park's art museum to see the Walter Kriesler exhibit in its first showing on the Pacific Coast. A chartered boat will be available to cruise the waters of beautiful Lake Washington and Puget Sound with majestic Mount Rainier in the background. Best of all, there will be a real Hawaiian feast from exotic foods flown direct from Hawaii via Pan American Airways. Registrants from other districts are welcome.—Robert D. Hannah, *Chairman*, Publicity Committee, District 10, Credit Sales Manager, Bon Marche, Seattle, Washington.



# CREDIT DEPARTMENT

## Letters

LEONARD BERRY

**A**RE YOU using "form" letters for your first two collection reminders? If you are so doing, this is written especially for you. Substantial economies can be made, in direct cost and also in personnel, by using printed notices instead. Customer reaction is usually more favorable, too.

According to Dean Ashby, Credit Sales Manager, The Fair, Fort Worth, Texas, and former President, National Retail Credit Association, 55 per cent of all credit customers, on the average, pay their bills when billed; 20 per cent pay on receiving the first collection notice; and 15 per cent pay when receiving the second collection notice. Only 10 per cent of all credit customers require additional collection effort. He strongly recommends use of printed notices for all but the 10 per cent who need special attention.


While these printed notices are "impersonal" that does not mean they must also be unimaginative. Here, for example, is a notice used by Milton Rose, Manager of Credit Sales, The Peerless Company, Pawtucket, Rhode Island.

*Be  
an  
angel...*

Won't you send along a payment of \$ \_\_\_\_\_ within a day or two  
so you'll be up-to-date again - instead of "overdue"?

Many thanks,

Peerless



Mr. Rose reports that his store has received many favorable comments from customers on this gentle collection reminder. All that is needed to complete the form is the insertion of the amount owing and the debtor's name and address typed on the reverse side. Certainly a simple and inexpensive procedure.

From another source comes added confirmation. J. L. Pollak, Credit Manager, L. Lechenger, Jeweler, Houston, Texas, writes as follows: "You may be interested in our experience of the last 12 months in which we used printed forms for our first and second notices, instead of an individually-typed first letter, and a 'fill-in' second letter. During that period almost half receiving the first reminder paid their accounts. Of the remaining number to whom it was necessary to send the second reminder seven out of ten paid. . . . We are well pleased

with our use of printed first and second reminders. It eliminates the need for signing so many letters and avoids any possible stigma of receiving a personal letter." Here are the first and second reminders used by Lechenger's.

**COURTESY REMINDER** Houston, Texas, April 20 1956

You have possibly just overlooked sending your check for your Gift purchase of  
last December \$ 25.00 remains unpaid in your name though a  
statement has been sent each month since.

As our "open accounts" are due in full by the 10th of the 2nd month after purchase,  
we ask your cooperation at this time.

Appreciatively,  
"Gift Center of Houston" L. LECHENGER, JEWELER, INC.—Credit Office

John O DOUGH

1300 Thatway

Houston, 2

IF FULL payment has been sent, please accept our thanks.

**SECOND COURTESY REMINDER** Houston, Texas, April 30 1956

You have possibly just overlooked sending your check for your Gift purchase of  
last December \$ 25.00 remains unpaid in your name though a  
statement has been sent each month since.

As our "30-Day accounts" are due in full by the 10th of the 2nd month after purchase,  
we ask your cooperation at this time.

Appreciatively,  
"Gift Center of Houston" L. LECHENGER, JEWELER, INC.—Credit Office

John O DOUGH

1300 Thatway

Houston, 2

IF FULL payment has been sent, please accept our thanks.

Perhaps here you will find convincing evidence of the desirability of reviewing your collection procedure for greater economy and efficiency.

### This Month's Illustrations

**Illustration No. 1.** When a credit transaction comes to the accounting department for which no established account can be found a letter to the customer becomes necessary. Here is one for that purpose.

**Illustration No. 2.** A credit sales promotion letter that encloses an application blank and stamped return envelope. Satisfaction in merchandise and completeness of service are excellent selling points to stress.

**Illustration No. 3.** Partial payments are a constant problem. The partial payment should be acknowledged and request made for the unpaid balance. It is sound procedure to follow up on partial payments.

**Illustration No. 4.** Another credit sales promotion letter. The various credit services of the store are set forth with primary emphasis on the new "Extended Charge Account." Promotion of the various forms of revolving credit are especially successful at the beginning of the heavy shopping seasons. ★★★





WILLIAM AT MARSHALL  
POST OFFICE BOX 10410  
Shreveport 93, La.

Date

①

Mr. John C. Customer  
000 Main Street  
Your City, Your State

Dear Mr. Customer:

Thank you for your purchases as listed on the attached invoice. We have failed to locate an account on which to post it, as we either have your name misspelled or possibly your account may be under some other initial or address. If either is the case please help us by giving us the correct information.

If this is your first charge, however, and you would like to open a regular account, we would appreciate your filling out and returning the charge account application attached. We will advise you as soon as your account is ready for further use.

We appreciate your cooperation in handling this matter and will be looking forward to your reply by return mail.

Yours very truly,  
SELBER BROS., INC.

W. H. Pipes  
Manager of Credit Sales

## BEARS, ROEBUCK and CO.

RETAIL STORES

Date

Mr. John C. Customer  
000 Main Street  
Your City, Your State

③

Dear Mr. Customer:

We thank you for the payment received covering a portion of your account and wish to inquire if there is any error or complaint regarding the unpaid balance. If so, we shall cheerfully make any necessary correction or adjustment.

You will doubtless remember that accounts are payable in full each month for purchases of the preceding month.

Yours truly,  
BEARS, ROEBUCK AND CO.

Paid for: \$00.00  
Balance: \$00.00

SHOP AT BEARS AND SAVE!



SHREVEPORT, LOUISIANA

Date

②

Mr. John C. Customer  
000 Main Street  
Your City, Your State

Dear Mr. Customer:

With the Fall season here and the Christmas season just around the corner, we feel that you, like most other people, have additional shopping to do.

Please consider using a convenient Palais Royal charge account. Shopping can be done by phone or mail, and all purchases for the month can be paid at one time. There is attached an application blank and a stamped envelope. All you need do is fill this in and return it to us. We will be happy to notify you as soon as your account is open.

It is our sincere hope that you will come to regard our store as your source of satisfaction in merchandise and in completeness of service.

Sincerely yours,  
PALAIS ROYAL, INC.

Lloyd D. Burns  
Credit Manager

## THE AUG. W. SMITH CO.

SPARTANBURG, SOUTH CAROLINA

④

Dear Customer:

The Christmas Season is almost upon us and many of us are resolving to get started shopping now while selections are complete and to avoid the "last minute rush."

As a further convenience, we have recently added a new type of account to our credit services. In addition to our Regular Monthly Accounts, Special Accounts, and Lay-Away, we now have an "Extended Charge Account." It works like this: After discussion with our Credit Officer, a credit limit is agreed upon. Then your monthly payment is set at one-sixth of this amount. For instance: A credit limit of \$90.00 requires a monthly payment of \$15.00.

The E C A is a permanent arrangement and can be added to without increasing the monthly payment so long as the total balance of the account does not exceed the credit limit.

Why not stop by our Credit Office and let us arrange an E C A or a Regular Monthly Charge Account for you.

Cordially,

THE AUG. W. SMITH COMPANY

R. L. Wynn, Jr.  
Credit Sales Manager

# CREDIT DEPARTMENT

## Letters

LEONARD BERRY

**A**RE YOU using "form" letters for your first two collection reminders? If you are so doing, this is written especially for you. Substantial economies can be made, in direct cost and also in personnel, by using printed notices instead. Customer reaction is usually more favorable, too.

According to Dean Ashby, Credit Sales Manager, The Fair, Fort Worth, Texas, and former President, National Retail Credit Association, 55 per cent of all credit customers, on the average, pay their bills when billed; 20 per cent pay on receiving the first collection notice; and 15 per cent pay when receiving the second collection notice. Only 10 per cent of all credit customers require additional collection effort. He strongly recommends use of printed notices for all but the 10 per cent who need special attention.

While these printed notices are "impersonal" that does not mean they must also be unimaginative. Here, for example, is a notice used by Milton Rose, Manager of Credit Sales, The Peerless Company, Pawtucket, Rhode Island.



Mr. Rose reports that his store has received many favorable comments from customers on this gentle collection reminder. All that is needed to complete the form is the insertion of the amount owing and the debtor's name and address typed on the reverse side. Certainly a simple and inexpensive procedure.

From another source comes added confirmation. J. L. Pollak, Credit Manager, L. Lechenger, Jeweler, Houston, Texas, writes as follows: "You may be interested in our experience of the last 12 months in which we used printed forms for our first and second notices, instead of an individually-typed first letter, and a 'fill-in' second letter. During that period almost half receiving the first reminder paid their accounts. Of the remaining number to whom it was necessary to send the second reminder seven out of ten paid. . . . We are well pleased

with our use of printed first and second reminders. It eliminates the need for signing so many letters and avoids any possible stigma of receiving a personal letter." Here are the first and second reminders used by Lechenger's.

<b>COURTESY REMINDER</b>		Houston, Texas, April 20 1956
You have possibly just overlooked sending your check for your Gift purchase of		
last <u>December</u>	\$ <u>25.00</u>	remains unpaid in your name though a statement has been sent each month since.
As our "open-accounts" are due in full by the 10th of the 2nd month after purchase, we ask your cooperation at this time.		
"Gift Center of Houston"		Appreciatively, L. LECHENGER, JEWELER, INC.—Credit Office
John O DOUGH		
1300 Thatway		
Houston, 2		
IF FULL payment has been sent, please accept our thanks.		

<b>SECOND COURTESY REMINDER</b>		Houston, Texas, April 30 1956
You have possibly just overlooked sending your check for your Gift purchase of		
last <u>December</u>	\$ <u>25.00</u>	remains unpaid in your name though a statement has been sent each month since.
As our "30-Day accounts" are due in full by the 10th of the 2nd month after purchase, we ask your cooperation at this time.		
"Gift Center of Houston"		Appreciatively, L. LECHENGER, JEWELER, INC.—Credit Office
John O DOUGH		
1300 Thatway		
Houston, 2		
IF FULL payment has been sent, please accept our thanks.		

Perhaps here you will find convincing evidence of the desirability of reviewing your collection procedure for greater economy and efficiency.

### This Month's Illustrations

**Illustration No. 1.** When a credit transaction comes to the accounting department for which no established account can be found a letter to the customer becomes necessary. Here is one for that purpose.

**Illustration No. 2.** A credit sales promotion letter that encloses an application blank and stamped return envelope. Satisfaction in merchandise and completeness of service are excellent selling points to stress.

**Illustration No. 3.** Partial payments are a constant problem. The partial payment should be acknowledged and request made for the unpaid balance. It is sound procedure to follow up on partial payments.

**Illustration No. 4.** Another credit sales promotion letter. The various credit services of the store are set forth with primary emphasis on the new "Extended Charge Account." Promotion of the various forms of revolving credit are especially successful at the beginning of the heavy shopping seasons. ★★★



MILAM AT MARSHALL  
FIRST OFFICE AND LENO  
Shreveport 93, La.

Date

1

Mr. John C. Customer  
000 Main Street  
Your City, Your State

Dear Mr. Customer:

Thank you for your purchases as listed on the attached invoice. We have failed to locate an account on which to post it, so we either have your name misspelled or possibly your account may be under some other initial or address. If either is the case please help us by giving us the correct information.

If this is your first charge, however, and you would like to open a regular account, we would appreciate your filling out and returning the charge account application attached. We will advise you as soon as your account is ready for further use.

We appreciate your cooperation in handling this matter and will be looking forward to your reply by return mail.

Yours very truly,  
SELTZER BROTHERS, INC.

W. H. Pipes  
Manager of Credit Sales



SHREVEPORT, LOUISIANA

Date

2

Mr. John C. Customer  
000 Main Street  
Your City, Your State

Dear Mr. Customer:

With the Fall season here and the Christmas season just around the corner, we feel that you, like most other people, have additional shopping to do.

Please consider using a convenient Palais Royal charge account. Shopping can be done by phone or mail, and all purchases for the month can be paid at one time. There is attached an application blank and a stamped envelope. All you need do is fill this in and return it to us. We will be happy to notify you as soon as your account is open.

It is our sincere hope that you will come to regard our store as your source of satisfaction in merchandise and in completeness of service.

Sincerely yours,  
PALAIS ROYAL, INC.

Lloyd D. Burns  
Credit Manager

## SEARS, ROEBUCK and CO.

RETAIL STORES

Date

3

Mr. John C. Customer  
000 Main Street  
Your City, Your State

Dear Mr. Customer:

We thank you for the payment received covering a portion of your account and wish to inquire if there is any error or complaint regarding the unpaid balance. If so, we shall cheerfully make any necessary correction or adjustment.

You will doubtless remember that accounts are payable in full each month for purchases of the preceding month.

Yours truly,  
SEARS, ROEBUCK AND CO.

Paid due: \$00.00  
Balance: \$00.00

SHOP AT SEARS AND SAVE!

TELEPHONE 2-100

## THE AUG. W. SMITH CO.

SPARTANBURG, SOUTH CAROLINA

4

Dear Customer:

The Christmas Season is almost upon us and many of us are resolving to get started shopping now while selections are complete and to avoid the "last minute rush."

As a further convenience, we have recently added a new type of account to our credit services. In addition to our Regular Monthly Accounts, Special Accounts, and Lay-Away, we now have an "Extended Charge Account." It works like this: After discussion with our Credit Office, a credit limit is agreed upon. Then your monthly payment is set at one-sixth of this amount. For instance: A credit limit of \$90.00 requires a monthly payment of \$15.00.

The E C A is a permanent arrangement and can be added to without increasing the monthly payment so long as the total balance of the account does not exceed the credit limit.

Why not stop by our Credit Office and let us arrange an E C A or a Regular Monthly Charge Account for you.

Cordially,

THE AUG. W. SMITH COMPANY

*R. L. Wynne, Jr.*  
R. L. Wynne, Jr.  
Credit Sales Manager



## Public Utilities

### QUESTION

*I am getting quite a few requests for extension of time for payment of bills. What general policy should be followed in connection with such requests?*

### ANSWERS

**C. A. Burns, Credit Manager, Union Electric Company of Missouri, St. Louis, Missouri:** A new active-account collection procedure was put into effect at Union Electric, January 12, 1956. Under this procedure we do not reach a point of field call until approximately nine days after the due date of the third unpaid residential service bill. Action on commercial accounts usually occurs one month earlier. About two days prior to the field call we attempt to contact all of the customers by phone. If we complete our contact, and the customer says he will pay the bill within the next several days, we automatically extend the field order to the scheduled date for our second field call—about nine days later. Due to this automatic extension procedure, we also allow extensions up to the date of the scheduled second field call whenever a customer calls us. When a customer asks for an extension of time beyond the second field call date, however, we go into the case thoroughly. Each request needs complete evaluation if we are to reach an intelligent decision. In many cases the cause of the customer's financial trouble is beyond his control, due to such occurrences as accidents, serious illness, strikes, etc. Even though he is not a prompt-paying individual, his request may merit serious consideration, and an abrupt refusal may result in real hardship for him and consequent ill-will toward the firm. We should always remember that our services are essential, and the right to deprive customers of those services, while one of our industry's most effective collection tools, must be exercised with caution. Aside from such reasons as "out on strike," "lost job," "laid off temporarily," "husband ill several weeks," etc., one of the recurring reasons for extension requests is that the income is not equal to the total obligations to be met each month. Loss of overtime pay, due to cutbacks in production, has caused some serious trouble to those who obligated themselves to meet instalments on the basis of total income which

included payment for some overtime hours each week. Easy terms, attractive and much-wanted merchandise, to say nothing of impulse buying, may be said to have been the cause of some suddenly finding themselves unable to pay all their obligations each month. When credit men, in most retail outlets, find that this condition exists they are in a position to restrict the customer on further credit buying, and to help him reduce the debt while restricting him. In our business it is difficult for our customers to overbuy utility services to any appreciable extent—the customer generally only uses the amount his appliances and lights need; on the other hand, we can't restrict his future use, we can only disconnect the service and stop the use entirely. This is a point we always have to keep in mind in our dealings with customers whose accounts are past due. Summing up, there is no substitute for careful judgment of request for an extension of time. We may feel that the customer should not have overbought (or have been oversold) or that he should have saved some income for emergencies but, in the final analysis, if we can help him out of his difficulty, and if he is deserving of such help, then we can be fairly certain we have helped to cement his friendship for us.

**F. T. Hager, Manager, Collection & Meter Reading Division, Philadelphia Gas Works, Philadelphia, Pennsylvania:** It has always been my opinion that customers who will take the time to request an extension of time are invariably customers of some stature, and do not represent, for the most part, "risk" cases. It is certainly far better for customers to show interest in their obligation than to ignore it. A policy of understanding and leniency should be adopted in such cases.

**J. K. Jordan, Superintendent of Credit, Michigan Consolidated Gas Company, Detroit, Michigan:** It is our experience that several factors relative to the granting of extensions are important, such as: reason for slow payment; future prospects of financial betterment; length of time extension will involve; length of time service has been supplied; previous payment record; the amount owing when the extension is requested. We have definite conditions that our interview personnel follow in the granting of extensions: extensions for 20 days or longer require approval by the Collection Department; accounts of \$25.00 or over require Collection Department approval; accounts in arrears three months or more over \$20.00 require Collection Department approval; lesser amounts or time extensions can be approved by the interview personnel. Definite consideration is given to each request for extension, as the

**To do more business profitably, and to help locate "lost customers," always take a complete credit application from all new accounts and check these through your Credit Bureau.**



predescribed conditions are general and should fit most of the requests. Occasionally, extensions are granted in deserving cases where the account is several months in arrears, and a close check is maintained to bring the account up to date. A public utility, of course, has certain obligations to its customers and we cannot stop additional credit sales as a department store could do. We have chronic delinquents who will pay when necessary to keep the service alive, and we also have deserving customers who through misfortune are temporarily in arrears. The careful granting of extensions will help both the deserving customer and the chronic delinquent. Trained personnel go a long way in separating the good from the bad and do a lot to control the pyramiding of individual arrears accounts.

**A. E. Maier, Jr., New Orleans Public Service, Incorporated, New Orleans, Louisiana:** We believe that such requests should be granted for a reasonable period provided the customer's record has been satisfactory, or if circumstances beyond his control prompt the request. It is our policy to avoid interruption of service where possible, both in the customer's interest and our own, so we offer him, prior to discontinuance, any solution to his problem that would be acceptable to the company. We feel that this action helps maintain our customer relations on a high level.

**James E. Malone, Credit Manager, The East Ohio Gas Company, Cleveland, Ohio:** Since public utilities are required to serve all people, even those with poor credit records, requests for extension of time for payment of bills should be carefully scrutinized. Consideration should be given for the need of an extension of time, the age of the account, number of months delinquent, and past record of payments; also to keep in mind the customer is continuing to use our service and adding to the amount he will owe. As a general policy the granting of extensions should be for a short term only and based on the customer's capacity to make the payment on the date agreed. Extensions should not be granted that would allow the customer to build up an amount beyond his ability to pay. This would be an injustice to both the customer and our company.

**R. B. Mitchell, The Peoples Gas Light and Coke Company, Chicago, Illinois:** Because we serve individual customers, each request for an extension of time to pay bills is different, and to base our decision on individual circumstances seems to me to be the only fair way. However, the following general policy could be used as a guide:

Analyze the customer's account and learn the length of time he has been using your service, general paying habits, previous partial payments, amount owing, amount past due, and other pertinent data.

Determine reasons that make additional time necessary, such as: sickness, death in family, unemployment, part-time work, strike, monthly instalments versus monthly income.

Give every humane consideration to those who request an extension, because they recognize their obligation and want to do the right thing.

In large-volume businesses it is somewhat difficult to give each request for an extension close attention.



**HEAR YE! HEAR YE!**

*The*  
**42<sup>nd</sup>**  
**Annual**  
**International Consumer**  
**Credit Conference**  
**JUNE 18-21, 1956**  
**HOTELS JEFFERSON AND STATLER**  
**ST. LOUIS, MISSOURI**

Nevertheless, the customer expects your wholehearted understanding of his problem. Anything less will, in the long run, injure customer relations and may affect the collection of the bill.

In general, believe everyone once! If the customer is sincere and pays the bill you have made a friend. If promises are not kept without adequate explanation, then your customer has demonstrated credit unworthiness.

**J. V. Nolan, Collection Manager, Rochester Gas and Electric Corporation, Rochester, New York:** When a customer requests an extension of time for payment of service bills, it falls into one of two classifications: 1. The customer who says he is able to pay the entire amount at a later specified date. 2. The customer who wishes to make weekly payments to bring the account up to date. In the first instance it should be definitely understood that the bill will be paid in full on a given date. In the second instance, a plan is worked out for payments to be made on the same day each week. If possible, two weekly payments should equal the average monthly consumption, thereby gaining the equivalent of one month's use each month. Any arrangement made should be clearly stated to avoid possible misunderstanding. The advantages of paying the service bill each month on the due date can be explained to the customer. Some of the following reasons can be used: saving of discount, convenience of paying at authorized agencies in their neighborhood, maintaining a good paying record as a cushion against bad times, annoyance of receiving collection notices, inconvenience of having a field representative call.



# Granting Credit in Canada



C. B. FLEMINGTON . . Canadian Correspondent

## On the Foundation of the Past We Build for the Future

A. H. C. BEAIRSTO, Credit Bureau of Greater Toronto, Toronto, Ontario, Canada

**I**N LIGHT of the Gordon Commission now studying economic conditions throughout the Dominion of Canada with a view of forecasting and planning for the future, it seems timely to look back 40 years and reflect on the foundation we have been building up to 1956. In this connection it may be interesting to note that the Dominion Government up to December 1, 1915, had never borrowed as much as five million of dollars from the public in Canada. Most of our borrowing up to that time was done in London, England.

With the financial problems arising out of our entry into the first World War our government planned to raise 50 million from our own people, and to this end, floated the First War Loan for 50 million, 5% tax free 10 year bonds @ \$97.50. They were surprised and pleased at the depth of the Canadian sources of money when subscriptions mounted to 100 million. Up to November 1, 1918, Canada sold tax free War and Victory Bonds for a total of \$1,435,535,450 to her own people, and in 1919 added \$621 million 5½% taxable bonds, bringing the total to over two billion of dollars in a period of four years—an accomplishment of which every Canadian can be justly proud. Evidently the saying attributed to the Fathers of Confederation "They builded better than they knew" holds good, and may apply to our people as a whole.

With so many negotiable bonds outstanding, the necessity arose to provide adequate machinery to assure an orderly market for such bonds, and, in 1917, Sir Thomas White, the Finance Minister, authorized the forming of the Victory Loan Market Committee, of which the writer was Assistant Secretary. The headquarters of this committee was in Toronto, and was headed by the late Mr. G. H. Wood, of Wood Gundy & Co. Offices were established in Montreal, to cover operations in Quebec and the Maritimes, and in Winnipeg to cover the Western provinces. Toronto looked after Ontario. All Investment Dealers were mobilized, and were under agreement to place all orders, to buy or sell War and Victory Loan Bonds through the committee, subject to their confirmation and price.

The Committee met each day at noon, and were in telephone communication with Montreal and Winnipeg, and so had their hand on the pulse of the market at all times for the different maturities of bonds. There was always a spread of 1% between the buying and selling price of bonds. No commission was allowed a dealer on the sale of bonds to the committee, 1% was allowed on orders purchased from the Committee. Deliveries and payments were cleared through the Bank of Montreal. This Committee operated with marked success during the time these bonds were being digested. Committee was disbanded in December 1920.

The Bank of Canada was established in March 1935, and that institution was the controlling factor in connection with the marketing of the government bonds issued in connection with the 2nd World War and all other government financing. Our Central Bank was established by Act of Parliament with the following functions:

- (1) to regulate internal credit,
- (2) to regulate the foreign exchanges,
- (3) to mitigate fluctuations in the level of production, trade, employment and prices, as far as may be possible within the scope of monetary action, and
- (4) to give expert and impartial advice to the Government of the day.

It was the intention that the bank should possess the sole right to issue notes in Canada.

On January 1, 1950, the last of the outstanding currency issued by the chartered banks was taken over by the Bank of Canada, and cancelled. On that date the double liability on chartered bank shares was cancelled. Among other things the Central Bank was given power to

- (1) buy and sell gold coin, silver and bronze coin, and gold and silver bullion,
- (2) buy and sell trade acceptances, bankers' drafts and bills of exchange drawn in or on places outside Canada, and having a maturity not exceeding ninety days from the date of acquisition by the bank,
- (3) with certain restrictions buy and sell securities issued or guaranteed by the Dominion of Canada, or any province, or issued by the United Kingdom, and British Dominions, the United States of America or France,
- (4) buy or sell or rediscount bills of exchange and promissory notes endorsed by a chartered bank, drawn or issued in connection with the production or marketing of goods, wares and merchandise as defined by the Bank Act, and having a maturity not exceeding 90 days from the date of acquisition by the bank,
- (5) buy or sell or rediscount bills of exchange or promissory notes endorsed by a chartered bank, drawn or issued in connection with the production or marketing of products of agriculture, the forest, the quarry or mine, or the sea lakes and rivers as defined by the Bank Act, and having a maturity not exceeding 180 days from date of acquisition,
- (6) with certain restrictions regarding amount and repayment, make loans to the Dominion of Canada, or the Government of any province to be repaid from current revenue,
- (7) for the purpose of open market operations, buy and sell in the open market from or to any person, either in or outside Canada, securities, cable transfers, bankers' acceptances, and bills of exchange of the kinds and maturities, and subject to limitations, if any, set forth in the act,
- (8) accept non-interest-bearing deposits from the Dominion Government, or the government of any province, or from any chartered bank, or bank incorporated under the Quebec Saving Bank Act, and
- (9) open an account in a central bank of any country, or in the Bank for International Settlements.

On the day the Bank of Canada opened its doors for business it assumed responsibility for the redemption of

all Dominion notes outstanding, and received from the government its gold holdings and securities to cover the liability. The Bank established an agency in each of the provinces which took over the functions previously performed by an Assistant Receiver General.

The Central Bank has and is playing a most important role in our banking and fiscal system, and is accountable in no small measure for the sound and healthy economy which Canada enjoys today, and our enviable prestige in the money markets of the world. Our banking system is a strong and enduring cornerstone in the foundation on which we build our future.

We Canadians can all be proud of our chartered banks which have played a most important part in our economy in all its wide ramifications with their thousands of branches distributed throughout the Dominion and abroad.

Their growth and influence can best be judged by the following figures:

	Capital	Reserves	Total	Deposits
1915	\$114,000,000	\$113,000,000	\$227,000,000	\$ 1,198,000,000
1955	\$181,000,000	\$374,000,000	\$555,000,000	\$11,904,000,000

In the last ten years bank loans have tripled. In the same period bank deposits have doubled. The Royal Bank of Canada in its last Annual Report showed deposits over three billion, ranking in this connection fifth among the banks of North America. Mr. James Muir, President of this bank, recently predicted an increase in Canadian bank assets over the next ten years of 60%. This would mean an increase of 7½ billion, compared with 5.3 billion in the past decade. In the same period he predicts a boost in loans of 3.4 billion, and deposits of 5.6 billion. Such a picture certainly presages a bright future for Canada.

As life insurance is an important factor in our foundation structure, from the point of view of the companies being large investors, as well as the savings, security and protection provided for our citizens, it is of interest to note the growth of life insurance in force in Canada in the period under review:

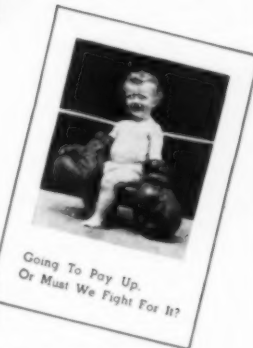
1915	\$ 1,300,000,000
1920	\$ 2,600,000,000
1925	\$ 4,100,000,000
1930	\$ 6,400,000,000
1935	\$ 6,200,000,000
1940	\$ 6,900,000,000
1945	\$ 9,700,000,000
1950	\$15,700,000,000
1955	\$25,200,000,000

Following is a comparison of consumer credit outstanding, estimate of selected items taken from Bank of Canada statistical summary, December, 1955, in millions of dollars:

	Charge Ac- counts	Instalment Credit			Cash Per- sonal Loans	Total Select'd Items
		Retail Dealers	Finance Com- panies	Total		
1951-Dec. 31	420	126	186	312	388	1.120
1952-Dec. 31	456	245	373	618	460	1.534
1953-Dec. 31	493	286	512	798	569	1.860
1954-Dec. 30	505	319	483	802	667	1.974
1955-Sept. 30	535	309	578	887	790	2.212

Please Mention THE CREDIT WORLD When Writing to Advertisers

## COLLECT YOUR MONEY FASTER and FRIENDLIER!



10 Different  
Stickers in  
Green Ink on  
white gummed  
paper, 1¼ x 2½"

Place "Billy Dun" stickers  
on Outgoing Bills and  
Watch the Money Roll in!

Current accounts pay up faster.  
Slow accounts pay without argument.

"We've used your 'Billy Dun' stickers for several months and have had exceptionally good results—an average of 43% increase. And it came in faster," says a N. Y. Advertising Agency.  
"We collected nearly half of our delinquent accounts the very first time we used your 'Billy Duns,' and at only a fraction of what we usually have to pay to collect them," writes a Mfr. in R. I.  
"Billy Duns" are potent and blunt—yet, they leave your customer happy, for who can resist these adorable babies? Try them on your accounts for a month—they are guaranteed to work.

### SAVE 10% on this Special Trial Offer

Test this worthwhile offer which contains 500 "BILLY DUNS" (50 each of 10 designs). Send only \$4.50. And if this test doesn't pull in the money, send back the remaining stickers and get an immediate refund.

**BERNIE & COMPANY**

3534 Norway Avenue -:- Roanoke, Virginia

**Dept. CW-10**

### Federal Budget

Year	Revenue	Expenditure	Deficit
1915	\$ 133,000,000	\$ 246,000,000	\$113,000,000
1955	\$4,094,000,000	\$4,275,000,000	\$181,000,000

### Government Debt Outstanding

March 31, 1915	\$ 358,659,000
February 15, 1956	\$15,100,000,000

In 1946 our National debt reached a peak of \$16,800,000 when the ratio of interest on debt to total revenues was 14.6%, whereas today, our debt is less by \$1,700,000, and the ratio of interest is just under 10%. In 1926 the average rate of interest on our debt was 5.06%, whereas today it is under 3%. In the outstanding debt at present are \$2,461,000,000 Canada Savings Bonds, and I specially make mention to these as they were mostly subscribed by payroll deduction. They are not transferable, and as they were originally sold with a \$1,000 limit, and later \$5,000 limit to any one purchaser per issue, it indicates a wide distribution and savings of our individual citizen.

In the period under review the population of Canada increased from 7,981,000 in 1915, to 15,792,000 in 1955, and it is only natural to anticipate a greatly accelerated increase in the years to come.

While I am aware there are many bricks I have left out in our economic foundation, such as Mortgages, Corporation Securities, Real Estate, etc., space allotted to me will not permit further elaboration, so let us be proud of our national heritage, and to our American cousins say, Come and visit us and see the foundation we are laying for the future. ★★★



comparative

# COLLECTION PERCENTAGES

February 1956 vs. February 1955

N.R.C.A. DISTRICT and CITIES	DEPARTMENT STORES (Open Accounts)						DEPARTMENT STORES (Installment Accounts)						WOMEN'S SPECIALTY STORES						MEN'S CLOTHING STORES					
	1956			1955			1956			1955			1956			1955			1956			1955		
	AV	HI	LO	AV	HI	LO	AV	HI	LO	AV	HI	LO	AV	HI	LO	AV	HI	LO	AV	HI	LO	AV	HI	LO
Boston, Mass.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Portland, Me.	47.5	48.6	46.5	44.5	46.6	42.5	15.4	15.7	15.2	14.1	14.7	13.5	—	—	—	—	—	—	—	—	—	—	—	—
Providence, R. I.	42.9	46.3	40.9	43.5	46.3	40.5	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Springfield, Mass.	58.2	58.8	57.6	57.3	59.8	54.8	25.2	26.8	23.6	25.3	31.8	18.9	—	60.5	—	—	58.3	—	—	48.6	—	—	47.5	—
Worcester, Mass.	45.9	46.3	45.5	44.7	45.4	44.0	16.0	18.9	13.1	14.4	17.7	11.0	—	53.0	—	50.7	53.0	48.4	—	—	—	—	—	—
2 New York, N. Y.	40.4	44.4	35.6	38.3	45.0	31.2	11.2	13.1	9.3	11.0	12.6	9.3	45.0	47.6	41.3	45.3	54.0	39.8	42.5	47.1	38.0	44.2	45.0	43.4
3 Birmingham, Ala.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
New Orleans, La.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Cincinnati, Ohio	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Cleveland, Ohio	47.3	54.2	41.8	45.4	51.6	42.1	15.3	20.4	9.7	18.5	23.4	13.2	41.7	43.5	39.9	43.9	46.3	41.5	69.1	88.9	49.8	66.4	83.8	50.3
Louisville, Ky.	41.1	52.2	30.1	43.5	49.8	37.1	17.3	17.8	16.7	17.4	17.8	17.0	43.5	43.8	43.3	44.2	45.4	43.0	43.0	46.7	40.1	42.5	45.7	39.9
5 Milwaukee, Wis.	58.3	61.8	47.3	54.4	57.1	48.5	14.8	16.9	13.8	13.8	15.9	13.5	51.6	56.9	46.4	51.7	59.1	44.3	53.0	54.0	50.4	46.0	47.8	42.1
Toledo, Ohio	50.9	52.0	25.0	46.8	50.0	28.1	17.7	17.8	12.1	17.9	22.0	10.5	51.1	62.4	39.8	58.8	59.7	57.9	—	—	—	—	—	—
Youngstown, Ohio*	—	35.0	—	—	35.8	—	—	13.8	—	—	14.0	—	—	—	—	—	—	—	—	—	—	—	—	—
Ottawa, Ont.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
6 Minneapolis, Minn.	58.1*	63.5	53.7	56.8	62.7	50.4	14.8	16.3	13.4	15.1	15.6	14.7	48.8	61.6	36.1	—	54.2	—	41.0*	43.3*	39.2*	42.0*	43.4*	41.2*
7 Kansas City, Mo.	55.8	59.9	43.2	52.1	62.2	47.0	15.7	22.2	6.1	13.9	20.3	4.8	57.1	63.7	51.6	44.6	63.5	53.8	—	—	—	55.7	63.5	53.8
St. Louis, Mo.	55.4	58.4	52.4	53.0	53.7	52.2	19.4	20.3	18.5	19.8	20.2	19.4	45.7	58.0	33.7	45.8	55.1	38.0	47.8	50.5	45.0	47.6	51.8	43.5
Dallas, Texas	—	49.2	—	55.7	57.6	39.0	—	9.4	—	—	9.7	—	—	—	—	50.1	50.9	42.9	—	—	—	50.3	62.9	45.6
8 Ft. Worth, Texas	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Houston, Texas	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9 Denver, Colo.	47.3	50.9	40.7	46.6	52.0	40.6	17.1	29.3	15.8	15.7	23.6	13.4	42.5	44.4	40.7	46.3	52.0	40.6	42.5	44.4	40.7	46.3	42.0	40.6
Salt Lake City, Utah	50.9	51.3	45.6	55.4	66.4	49.6	16.7	18.2	13.4	17.2	20.4	16.1	—	—	—	—	—	—	41.5	47.9	35.2	43.7	45.4	42.0
Spokane, Wash.	—	52.4	—	45.0	50.0	40.0	—	13.3	—	—	14.0	—	—	53.3	—	—	53.9	—	—	—	—	—	72.0	—
Los Angeles, Calif.	53.8	68.3	38.5	59.0	64.6	46.0	—	—	—	—	—	—	—	—	—	—	—	—	52.4	79.0	43.1	49.2	61.1	40.9
Oakland, Calif.	53.6	62.4	51.5	57.3	58.6	53.2	14.8	17.7	13.6	14.7	18.7	12.4	59.5	68.0	51.0	45.8	54.3	37.4	—	46.3	—	—	47.8	—
11 Santa Barbara, Calif.	—	—	—	56.5	62.9	50.4	—	—	—	—	—	—	—	—	—	54.5	66.2	47.5	—	—	—	53.8	62.6	43.2
San Francisco, Calif.*	47.0	63.2	41.5	48.0	66.2	40.9	16.1	17.2	13.9	16.3	18.8	13.0	44.1	49.8	38.9	45.6	52.2	40.5	41.9	50.4	41.5	46.5	48.8	44.3
San Jose, Calif.	51.8	58.1	49.2	53.3	55.6	48.0	18.2	20.2	16.2	16.5	18.1	14.9	—	51.8	—	54.0	53.3	52.7	—	—	—	—	—	—
Baltimore, Md.	47.9	51.9	44.1	44.6	51.8	42.4	14.9	21.7	11.0	15.1	22.1	12.7	47.0	58.9	39.6	40.1	47.8	32.3	52.0	53.0	51.0	45.3	47.0	43.6
12 Philadelphia, Pa.	36.8	41.2	30.1	38.8	39.7	38.6	8.4	9.8	8.6	8.8	10.0	8.0	42.3	50.7	35.6	41.9	55.4	29.3	—	—	—	—	—	—
Washington, D. C.	44.0	45.8	42.6	43.4	47.7	40.4	13.6	15.1	11.2	14.4	18.0	12.8	—	—	—	—	—	—	—	—	—	—	—	—

\* Figures for January. \* Includes 30-60-90-day accounts.

## Department Store Credit for January

INSTALLMENT ACCOUNTS outstanding at department stores declined 1 per cent during January, when some decrease usually occurs. Balances continued about 20 per cent above a year ago. The installment collection ratio, estimated at 14 per cent, was 1 point below a month ago and the same as January of last year.

Charge accounts declined seasonally during January, and at the month end were 18 per cent below the December level. Balances, however, were 9 per cent above a year ago. Collections on charge accounts amounted to an estimated 43 per cent of first-of-month receivables, 3 points below a month ago and 1 point below a year earlier.

Sales of all types showed their usual December-to-January decline. Compared with January of last year, however, cash and installment sales were up 1 per cent and 15 per cent, respectively, while charge-account sales were about the same.—Federal Reserve Board.

## Consumer Credit for January

CONSUMER INSTALLMENT credit outstanding declined \$171 million during January to an estimated \$27,724 million at the month end. There were also declines—\$31 million and \$351 million, respectively—in January of 1955 and 1954.

The January change reflected decreases, primarily seasonal in nature, of \$162 million in credit on consumer goods other than automobile and of \$31 million in repair and modernization loans. Automobile credit was practically unchanged, while personal loans increased \$20 million during the month.

Installment credit extended, showing the usual seasonal pattern, dropped from December's expanded volume of \$3,508 million to an estimated \$2,725 million in January. Repayments, which usually decline in January, increased \$36 million to a total of \$2,896 million.

Total short- and intermediate-term consumer credit outstanding amounted to an estimated \$35,554 million at the end of January, \$671 million below December, but \$5,794 million above a year ago.—Federal Reserve Board.





## Items of Interest From the NATION'S CAPITAL

JOHN F. CLAGETT, Counsel, National Retail Credit Association, Washington, D.C.

**Whereabouts Information.**—The Senate Committee on Government Operations, following a re-survey, has just issued a new report, No. 1467, on the highly controversial Public Law No. 137 of the 82nd Congress (5 U.S.C.A. 140), which provides that it is the sense of Congress that any "work, service, publication, report, document," etc., performed or issued by any government agency, "shall be self-sustaining to the fullest extent possible." (See CREDIT WORLD, April, 1955, p. 28.) The passage of this Act, as a rider on the Independent Offices Appropriations Act in 1952, created a radical departure from the then existing practice and policy in that, for the first time, Congress required, mandatorily, charging of fees for licenses issued by regulatory agencies and for other services, publications, and the like, including charges for minutiae of services such as a charge for the address of military or other government personnel. Almost as soon as the ink dried on the Act, the newly inaugurated policy came under vigorous criticism, especially on the part of those who would be subjected to such charges. The re-study made by the Senate Government Operations Committee, however, offers no immediate clarification of a difficult problem. Rather, what the Senate Government Operations Committee does is to toss this admittedly "hot potato" into the laps of a number of other committees, namely, the so-called jurisdictional or legislative committees of Congress. In short, the recommendation, and the only recommendation, of the report, is that the various committees of Congress "having oversight jurisdiction over agencies" should, in effect, restudy or re-evaluate the problem.

In the meantime the status of Public Law 137 remains in a considerably clouded condition. Many of the government departments and agencies, including the Defense Department, implementing the law, have established schedules of charges. Other departments and agencies, more or less on their own initiative, and others following formal or informal requests by committees or Members of Congress, have withheld or delayed action. Report No. 1467 contains the following comments from the Defense Department, submitted in response to a questionnaire which grew out of the many protests filed, including a protest duly made by the Washington Counsel of N.R.C.A.: "Over 1,000 protests were received from individuals, corporations, State and local governments, and members of Congress objecting to the schedule as being unfair, unreasonable, contrary to public interest, and a tax upon taxes paid for services performed"; and, "In the 10 months that have elapsed since the fees became effective, the military departments and this office have received a heavy volume of correspondence from Members of Congress, organizations of veterans and

others, State and local governments, and individuals protesting the fees."

**Delinquent Tax Report No. 2.**—Senator Williams (R. Del.) started a precedent last year when he called attention of Congress, and read into the RECORD, delinquent Federal tax statistics which he had obtained from the Bureau of Internal Revenue. (See CREDIT WORLD, August, 1955, p. 26). In spite of a new section of the Internal Revenue law which, for the first time, enables the government to use the process of levy against federal employees, the dollar volume of delinquent income and other taxes has not decreased. In fact, it has increased, and the amount today is \$1,646,383,974 compared to \$1,614,494,286 a year ago. However, the total number of all delinquent accounts has substantially decreased from 1,725,474 in 1954 to 1,596,615 for 1955, a drop of 128,859 delinquent cases.

**Constitutional Debt Limitation.**—Senator Byrd (D. Va.) has offered a resolution for a constitutional amendment which would require the Congress to remain in session each year until it has produced a balanced budget by either reducing expenditures or increasing revenue, or both. The amendment would make exceptions for national emergency situations such as war.

**Controls Are Put Aside.**—That there will be no revival of consumer credit controls—but only a study—was settled by report of the Joint Committee on the Economic Report, filed March 1 pursuant to the requirements of the so-called "National Employment Act of 1946." Report noted that on the 10th anniversary of this milestone of economic legislation (called "Economic Charter" by the WASHINGTON POST-TIMES HERALD) the Act had been effective in the interests of "maximum employment, production and purchasing power." In this particular report the Committee noted that it is "alarmed by the continuing decline in farm prices and agricultural income." It pointed out one of the difficulties of the agricultural situation is the need for substantial stand-by productive capacity to meet the needs of an increasing population, the risks of war, and the hazards of crop failure.

The Joint Committee in Point 13 of its major findings said that "present conditions do not call for the use of governmental authority to limit terms of consumer installment credit." Report noted, however, that private enterprise must be prepared to exercise "self-discipline if the situation demands," or else "it may be necessary to reestablish stand-by Federal authority in order to protect the over-all economy against needless fluctuations in employment." Committee went out fully, however, in support of the President's "Economic Report" which had called for a re-study of the consumer installment credit problem.

# LOCAL ASSOCIATION *Activities*



## Walla Walla, Washington

At the annual meeting of the Walla Walla Retail Credit Association, Walla Walla, Washington, the following officers were elected: President, John W. Stephens, Tausick & Kauffman; Vice President, Roger King, Seattle First National Bank; and Secretary-Treasurer, James B. Austin, The Credit Bureau.

## Knoxville, Tennessee

The newly elected officers and directors of the Retail Credit Association of Knoxville, Knoxville, Tennessee, are: President, R. V. Weaver, Knoxville Buick Company; First Vice President, Bert B. Bateman, Chandler and Company; Second Vice President, Harry Duncan, Bank of Knoxville; Third Vice President, Mrs. Mossie Cunningham, Hall's; and Secretary-Treasurer, A. C. Bittle, Credit Bureau of Knoxville. Directors: T. E. Kirkham, W. W. Woodruff Company; R. E. Mapes, Baum's; S. J. Nicely, Millers; John I. Dale, Jr., Rich's; Kenneth K. Altom, Moser Furniture Company; E. Howard Moulton, Park National Bank; and J. Hoyle Brown, The Knox.

## Gadsden, Alabama

The Gadsden Retail Credit Association, Gadsden, Alabama, installed the following officers at their annual meeting: President, P. Koss, Leeds Jewelers; First Vice President, C. B. Bradshaw, Community Finance Company; Second Vice President, George Starling, Economy Auto Store; and Secretary-Treasurer, H. C. Harry, Credit Bureau of Gadsden.

## Lexington, Kentucky

At the annual meeting of the Lexington Credit Managers' Club, Lexington, Kentucky, the following officers and directors were elected: President, Paul McKee, Southern Bedding Company; Vice President, Douglas Brown, Jetts, Inc.; Secretary, Mrs. Hallie Mulberry, Lexington Credit Bureau; and Treasurer, Evelyn Eades, Lexington Credit Bureau. Directors: Lawrence M. Crump, Lexington Credit Bureau; J. C. Davis, Wolf Wile Company; Wilbur Johnson, Kentucky Security Company; Dew Haffler, Stewart Dry Goods Company; and Tucker Bolin, Checker Store.

## San Francisco, California

At the annual meeting of the Associated Retail Credit Men of San Francisco, San Francisco, California, held January 19, 1956, the following officers and directors were elected: President, H. R. Chesney, General Petroleum Corporation; Honorary President, Frank Batty; Vice President, Harold F. Cadd, Ransohoff's; Treasurer, Charles J. Benson, Retailers Credit Association; and Secretary, Charles W. Doran, Retailers Credit Association. Directors: Theodore B. Craig, Crocker-Anglo National Bank; Thomas J. Fahy, Union Oil Company; C. K. Hamilton, Moore's; George E. Peterson, Raphael

Weill & Company; Philip F. Travers, McAllister Buick; Norrie F. Waddington, Hasting's Clothing Company; Louis G. Williams, W. & J. Sloane; W. Harvey Willitts, Hale's; and George E. Zoffman, Four Wheel Brake Service.

## Atlanta, Georgia

The Atlanta Retail Credit Association, Atlanta, Georgia, elected the following officers and directors at their annual dinner dance held February 29, 1956: President, Eugene E. Jones, The Citizens & Southern National Bank; First Vice President, Clem R. Fountain, Gulf Oil Corporation; Second Vice President, Claude R. Gaines, Regenstein's; Secretary-Treasurer, Frank G. Mewborn, Credit Bureau of Atlanta; and Membership Secretary, Mrs. June G. Darrington, Credit Bureau of Atlanta. Directors: Julian Barfield, The First National Bank of Atlanta; J. H. Bolton, The Bank of Georgia; Richard H. Gaines, Davison-Paxon Company; George L. Griffith, Rich's; Mrs. Evelyn Latimer, Master Loan Service; H. J. McGowan, Local Loan & Thrift Corporation; C. W. Padrick, Schneider and Son; Melba Schaupp, Zachry; F. B. Sullivan, Jr., Community Loan & Investment Corporation; and Wallace Wingfield, The Atlanta Gas Light Company.

## Annual Meeting at Cincinnati

The Associated Retail Credit Granters of Cincinnati, Ohio, met for dinner at the Cincinnati Club, February 29, 1956. The meeting, which was planned for and sponsored by the Credit Bureau of Cincinnati, was open to all bureau members. There were over 100 in attendance. Following the buffet supper, there was a panel discussion of the subject, "Business Conditions in 1956." Members of the panel included: Donald Buechner, Provident Savings Bank; Rudy Demling, Universal C.I.T. Corporation; William Gordon, Dun & Bradstreet; Herbert Landsman, Federated Department Stores; Burnett Reed, Cincinnati Industrial Institute; and W. Ray Skirvin, Hamilton County League of Building and Loan Associations. Chairman of the meeting and panel moderator was Allison P. Koelling, Executive Vice President, Credit Bureau of Cincinnati.

Those present felt that the outstanding credit problems to be met during 1956 consisted of the following:

1. The danger of overextension of credit to the \$50.00 to \$65.00 a week income group.
2. The cost of bringing customers to the stores measured in terms of advertising and promotion, causing some stores to be a little careless in the extension of credit to compensate.
3. A further lengthening of credit terms.
4. Increased pressure on the part of manufacturers to move merchandise.

## Official Notice

To All Members of the National Retail Credit Association:

You are hereby notified that the 42nd Annual International Consumer Credit Conference of the National Retail Credit Association will be held in the city of St. Louis, Missouri, June 17, 18, 19, 20, and 21, 1956, for the election of officers and four directors-at-large, and the ratification of the directors elected by the respective districts, also the installation of officers and directors and the transaction of such business as may properly come before the meeting.

### Officers Whose Terms Expire:

President, Kaa F. Blue, New Orleans, Louisiana; First Vice President, Wimberley C. Goodman, Dallas, Texas; Second Vice President, Eldon L. Taylor, Glen Bros. Music Company, Ogden, Utah; and Third Vice President, J. C. Gilliland, Chicago, Illinois.

### Directors' Terms Expiring in 1956:

The terms of the directors for Districts 8, 9, 10, 11 and 12, and four directors-at-large will expire at the Conference. The directors elected by Districts 8, 9, 10, 11 and 12 will be ratified and installed for two-year terms and four directors-at-large will be elected and installed for two-year terms.

L. S. CROWDER  
General Manager-Treasurer

Attest:

ARTHUR H. HERT  
Secretary

## Educational Exhibits

The following companies will hold educational exhibits at the St. Louis Conference:

Addressograph-Multigraph Corporation  
Craig Files  
Eastman Kodak Company  
Farrington Manufacturing Company

John Hancock Mutual Life Insurance Company  
Minnesota Mining and Manufacturing Company  
The National Cash Register Company  
Photorapid of America, Inc.  
The Postgraph Company  
Recordak Corporation  
Remington Rand  
Thomas Collators, Inc.

## Group Meetings

The various group meetings are always an outstanding feature of our Annual Conferences. They will be held on Tuesday, Wednesday, and Thursday afternoons from 2:00 P.M. to 5:00 P.M. A list of questions will be furnished at the meeting of each group and questions may be asked from the floor. The groups for this year's conference are:

Banking and Finance  
Building Materials  
Consumer Finance  
Dairy and Baking  
Department, Apparel and Shoe Stores  
Furniture, Electrical Appliances, and Musical Instruments  
Medical Professional  
Newspapers and Publishers  
Other Types of Business Not Specifically Listed  
Petroleum  
Public Utilities

The names of the Group Chairmen and Co-Chairmen will be announced in the May CREDIT WORLD.

## Conference Registration Blank

42nd ANNUAL INTERNATIONAL CONSUMER CREDIT CONFERENCE

St. Louis, Missouri—June 17-21, 1956

Delegate Registration, \$15.00

Guest Registration \$15.00

Check Type of Membership      Name.....  
☐ ACBoFA      Firm.....  
☐ CWBC of NA      City and State.....  
☐ N.R.C.A.      Will attend sessions of.....Group  
☐ I will attend CWBC of NA Breakfast, Monday Morning, June 18, 1956, \$3.25.

Mail Registration Blank with check attached payable to:  
CONSUMER CREDIT CONFERENCE COMMITTEE  
c/o National Retail Credit Association  
375 Jackson Avenue, St. Louis 5, Missouri

**Attendance to All Meetings Will Be by Badge Only**

**Mail**

**This**

**Blank**

**In**

**Today!**

# ***editorial comment***

---

## **We'll Be Looking For You**

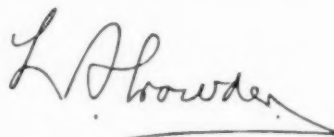
ONE OF THE most lively and informative sessions at the Louisville Conference last year was that held on Sunday afternoon devoted to the problems of local retail credit associations and district meetings. Under the capable leadership of David K. Blair, chairman, N.R.C.A. Educational Committee, and credit manager, H. Liebes and Company, San Francisco, California, and ably supported by experienced and interesting speakers, the several problems confronting local and district leaders were explored and solutions proposed. There were favorable comments from those in attendance and many said that the information and inspiration received at this session alone more than paid for the whole trip.

This year, at the St. Louis Conference, we will again devote Sunday afternoon, June 17, to a comprehensive discussion of the problems of local retail credit associations and of district meetings. David K. Blair will again be the moderator and this year he will have as co-moderator, Charles E. Moorman, Credit Bureau of Jacksonville, Jacksonville, Florida, who for several years has served as coordinator of the highly successful Southern Credit Conference composed of N.R.C.A. Districts Three and Four.

Speakers, representing local associations, district meetings, and credit bureaus, will discuss the problems common to all. The developing of interesting programs, arousing membership interest, gaining new members, creating enthusiasm and many other aspects of the matter will be brought out. There will be ample provision for questions from the floor and they will be welcomed.

All interested in this vital matter of strengthening local cooperation and improving credit conditions generally are most cordially urged to attend this session. Officers and directors and former officers and directors of local retail credit associations and of N.R.C.A. and ACBoFA districts will find this meeting especially profitable.

In these changing and challenging times it is more than ever necessary to find ways to bring about closer cooperation and unanimity of objective on the part of all engaged in managing this vast consumer credit structure. It is at this session of the 42nd Annual International Consumer Credit Conference, at St. Louis in June, that you will obtain the benefit of the thinking of many leaders of our profession.



*General Manager-Treasurer*  
NATIONAL RETAIL CREDIT ASSOCIATION

---



# You Need This Book

*Indispensable to retailers, financial institutions, doctors, lawyers,  
and collection agencies. Saves time and worry!*

## THE SOLDIERS' AND SAILORS' CIVIL RELIEF ACT OF 1940, AS AMENDED

● In addition to the entire text of the Relief Act of 1940 as amended, supplementary material is provided to enable credit granters to obtain a clear understanding of the Act. This information is presented under the following headings:

- (1) High lights of the Relief Act: Facts of interest to the credit granter.
- (2) Analysis of the Relief Act: Prepared by a prominent New York attorney and written in the language of the layman.
- (3) Questions and Answers on the Relief Act: Thirty-nine problems of everyday occurrence answered in a way which will assist you to secure a working knowledge of the Act. Necessary forms illustrated.

This new booklet, approved by N.R.C.A. counsel, is practical, easy to understand and puts the information you want right at your finger tips. The Relief Act will not worry you if you have this booklet on your desk for ready reference.

Convenient pocket size, 5¼" x 7¾". Sixty-four pages of vital information in clear easy-to-read type. A book you cannot afford to be without. Get your copy now! Fill out coupon below and mail with check TODAY.

Price to members, 75¢ (to nonmembers, \$1.00)

**NATIONAL RETAIL CREDIT ASSOCIATION**  
375 Jackson Ave. St. Louis 5, Mo.

**Clip and Mail This Coupon Now!**

NATIONAL RETAIL CREDIT ASSOCIATION  
375 Jackson Avenue, Saint Louis 5, Missouri

Enclosed is check for \$\_\_\_\_\_ for which please send me  
copies of The Soldiers' and Sailors' Civil Relief Act (1940 and 1942  
Statutes Consolidated) at 75¢ a copy postpaid (nonmembers, \$1.00).

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_

### DO YOU KNOW THE ANSWERS TO THESE QUESTIONS?

- What action should a Merchant take to protect himself when credit is requested by a person classified 1A or 3A by his Draft Board?
- What kind of form should be used when there is a voluntary "give-up" of merchandise by a service man or his dependents?
- Can a service man waive the benefits of the Relief Act?
- When will a waiver made by a guarantor be valid under the Relief Act?
- When is it possible to repossess goods from the dependents of a service man without a court order?
- Can a service man's wife be evicted for nonpayment of rent?
- Why is it necessary to ascertain whether a person is in military service or not before bringing action against him through the courts?
- When is it necessary to file an affidavit as to the military service of the defendant?
- Can a service man secure a stay of proceedings in connection with a judgment entered against him prior to his induction?
- Can a service man succeed in having the carrying charges reduced to 6 per cent per annum during his military service in connection with an instalment contract made prior to his induction?
- Does a storage company require a court order to enforce its lien against a service man's goods?
- Is the period of military service to be used in computing the time within which a debt will be outlawed?
- What relief does the Relief Act provide in connection with income taxes owing by a service man to the Government?
- How long will the Soldiers' and Sailors' Civil Relief Act remain in force?
- These and many other questions of vital interest to you are answered in this new booklet on the Soldiers' and Sailors' Civil Relief Act.

**HOW MANY DO YOU KNOW?**

# The GOOD THINGS of LIFE



## Prices

500 . . . . .	\$ 9.00
1,000 . . . . .	\$16.00
5,000 . . (per thousand)	\$15.00
10,000 . . (per thousand)	\$14.00

(Booklet shown above actual size)

# Consumer Education Pays

THE BOOKLET, in two colors, "The Good Things of Life on Credit," has been designed to educate the customer to use credit and to pay as agreed—in other words, to "Buy Wisely—Pay Promptly."

IT CONTAINS seven chapters as follows:

1. The Magic of Credit Buying Power.
2. What People Buy on Credit.
3. The Value of Personal Credit.
4. Credit Depends on 2 Things.
5. Your Credit Record Is an Open Book.
6. How to Establish Your Credit.
7. How to Maintain a Good Credit Record.

ON THE LAST page appears the Code of Ethics of the National Retail Credit Association which in itself carries a worth-while educational message to the consumer. On the inside back cover is the National shield containing the slogan "Guard Your Credit as a Sacred Trust." The outside back cover has been left blank so that you may, if desired, imprint the name of your store on it.

THIS BOOKLET covers fully the conveniences and advantages of credit, as well as the necessity for maintaining a good credit record. It is an excellent educational piece to enclose in letters opening new accounts, in sales promotional letters, and in collection letters.

MR. EUGENE B. POWER  
UNIVERSITY MICROFILMS  
313 NO. FIRST ST.  
ANN ARBOR, MICH.

## NATIONAL RETAIL CREDIT ASSOCIATION

375 JACKSON AVENUE

ST. LOUIS 5, MO.